

ITEM 4

TEST CLAIM

PROPOSED DECISION

Water Code Sections 71265, 71266, and 71267

Statutes 2016, Chapter 401 (AB 1794)

Central Basin Municipal Water District Governance Reform

17-TC-02

Central Basin Municipal Water District, Claimant

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AB 1794 – Assembly Bill - Bill Analysis, August 19, 2016,
https://leginfo.ca.gov/faces/billAnalysisClient.xhtml?bill_id=201520160AB1794, accessed October 31, 2018.....1-6

Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin
Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership
Necessary for It to Effectively Fulfill its Responsibilities,”
<https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018 ...1-105

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| Senate Committee on Appropriations Analysis of AB 1794, August 1, 2016, https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=201520160AB1794 , accessed November 1, 2018..... | 1-5 |
| Central Basin Municipal Water District Adopted Operating Budget & Capital Improvement Projects/Grant Projects Budget, Fiscal Year 2016-17 (July 2016), https://forms.centralbasin.org/sites/default/files/finance/Adopted%20Budget%20for%20FY%202016-17_FINAL_0.pdf , accessed December 14, 2018 | 1-133 |
| Excerpt from the State Controller’s Special District Annual Report 2011-2012, https://www.sco.ca.gov/Files-ARD-Local/LocRep/1112_special_districts.pdf , accessed November 19, 2018 | 1 |
| Ballot Pamphlet, General Election (Nov. 5, 1996), Summary of Legislative Analyst’s Estimate of Net State and Local Government Fiscal Impact of Proposition 218, https://repository.uchastings.edu/ca_ballot_props/1138/ , accessed November 19, 2018 | 1-9 |
| Ballot Pamphlet, General Election (Nov. 7, 1979), Proposition 4, https://repository.uchastings.edu/cgi/viewcontent.cgi?article=1863&context=ca_ballot_pr ops , accessed November 19, 2018 | 1-8 |

1. TEST CLAIM TITLE

Implementation of Assembly Bill 1794

2. CLAIMANT INFORMATION

CENTRAL BASIN MUNICIPAL WATER DISTRICT

Name of Local Agency or School District

Kevin P Hunt

Claimant Contact

General Manager

Title

6252 Telegraph Road

Street Address

Commerce, California 90040

City, State, Zip

323-201-5500

Telephone Number

323-201-5550

Fax Number

kevinh@centralbasin.org

E-Mail Address

3. CLAIMANT REPRESENTATIVE INFORMATION

Claimant designates the following person to act as its sole representative in this test claim. All correspondence and communications regarding this claim shall be forwarded to this representative. Any change in representation must be authorized by the claimant in writing, and sent to the Commission on State Mandates.

Kevin P Hunt

Claimant Representative Name

General Manager

Title

Central Basin Municipal water District

Organization

6252 Telegraph Road

Street Address

Commerce, California 90040

City, State, Zip

323-201-5500

Telephone Number

323-201-5550

Fax Number

kevinh@centralbasin.org

E-Mail Address

For CSM Use Only

Filing Date:

RECEIVED
September 20, 2017
Commission on
State Mandates

Test Claim #: 17-TC-02

4. TEST CLAIM STATUTES OR EXECUTIVE ORDERS CITED

Please identify all code sections (include statutes, chapters, and bill numbers) (e.g., Penal Code Section 2045, Statutes 2004, Chapter 54 [AB 290]), regulations (include register number and effective date), and executive orders (include effective date) that impose the alleged mandate .

Assembly Bill No. 1794
CHAPTER 401

An act to add Chapter 1.6 (commencing with Section 71265) to Part 3 of Division 20 of the Water Code, relating to municipal water districts.

[Approved by Governor September 21, 2016. Filed with Secretary of State September 21, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1794, Cristina Garcia. Central Basin Municipal Water District. Existing law, the Municipal Water District Law of 1911, provides for the formation of municipal water districts and grants to those districts' specified powers. Existing law permits a district to acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water for the beneficial use of the district, its inhabitants, or the owners of rights to water in the district. Existing law requires the board of directors of a district to consist of 5 members and each director to be a resident of the division from which the director is elected.

This bill would require the board of directors of the Central Basin Municipal Water District to be composed of 8 directors until the directors elected at the November 8, 2022, election take office, when the board would be composed of 7 directors, as prescribed. By imposing new duties on the district, this bill would create a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

This bill would make its operation contingent on the enactment of SB 953 of the 2015–16 Regular Session.

☒ *Copies of all statutes and executive orders cited are attached.*

Sections 5, 6, and 7 are attached as follows:

5. Written Narrative: pages 1 to 11.

6. Declarations: pages 12 to 23.

7. Documentation: pages 24 to 278.

Sections 5, 6, and 7 should be answered on separate sheets of plain 8-1/2 x 11 paper. Each sheet should include the test claim name, the claimant, the section number, and heading at the top of each page.

5. WRITTEN NARRATIVE

Under the heading “5. Written Narrative,” please identify the specific sections of statutes or executive orders alleged to contain a mandate.

Include a statement that actual and/or estimated costs resulting from the alleged mandate exceeds one thousand dollars (\$1,000), and include all of the following elements for each statute or executive order alleged:

- (A) A detailed description of the new activities and costs that arise from the mandate.
- (B) A detailed description of existing activities and costs that are modified by the mandate.
- (C) The actual increased costs incurred by the claimant during the fiscal year for which the claim was filed to implement the alleged mandate.
- (D) The actual or estimated annual costs that will be incurred by the claimant to implement the alleged mandate during the fiscal year immediately following the fiscal year for which the claim was filed.
- (E) A statewide cost estimate of increased costs that all local agencies or school districts will incur to implement the alleged mandate during the fiscal year immediately following the fiscal year for which the claim was filed.
- (F) Identification of all of the following funding sources available for this program:
 - (i) Dedicated state funds
 - (ii) Dedicated federal funds
 - (iii) Other nonlocal agency funds
 - (iv) The local agency’s general purpose funds
 - (v) Fee authority to offset costs
- (G) Identification of prior mandate determinations made by the Board of Control or the Commission on State Mandates that may be related to the alleged mandate.
- (H) Identification of a legislatively determined mandate pursuant to Government Code section 17573 that is on the same statute or executive order.

6. DECLARATIONS

Under the heading “6. Declarations,” support the written narrative with declarations that:

- (A) declare actual or estimated increased costs that will be incurred by the claimant to implement the alleged mandate;
- (B) identify all local, state, or federal funds, and fee authority that may be used to offset the increased costs that will be incurred by the claimant to implement the alleged mandate, including direct and indirect costs;
- (C) describe new activities performed to implement specified provisions of the new statute or executive order alleged to impose a reimbursable state-mandated program (specific references shall be made to chapters, articles, sections, or page numbers alleged to impose a reimbursable state-mandated program);
- (D) If applicable, describe the period of reimbursement and payments received for full reimbursement of costs for a legislatively determined mandate pursuant to Section 17573, and the authority to file a test claim pursuant to paragraph (1) of Section 17574(c).
- (E) are signed under penalty of perjury, based on the declarant’s personal knowledge, information or belief, by persons who are authorized and competent to do so.

7. DOCUMENTATION

Under the heading “7. Documentation,” support the written narrative with copies of all of the following:

- (A) the test claim statute that includes the bill number alleged to impose or impact a mandate; and/or
- (B) the executive order, identified by its effective date, alleged to impose or impact a mandate; and
- (C) relevant portions of state constitutional provisions, federal statutes, and executive orders that may impact the alleged mandate; and
- (D) administrative decisions and court decisions cited in the narrative. Published court decisions arising from a state mandate determination by the Board of Control or the Commission are exempt from this requirement; and
- (E) statutes, chapters of original legislatively determined mandate and any amendments.

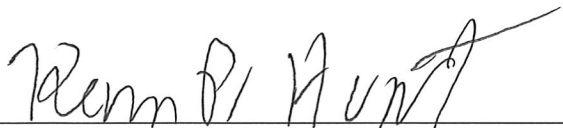
8. CLAIM CERTIFICATION

*Read, sign, and date this section and insert at the end of the test claim submission.**

This test claim alleges the existence of a reimbursable state-mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. I hereby declare, under penalty of perjury under the laws of the State of California, that the information in this test claim submission is true and complete to the best of my own knowledge or information or belief.

Central Basin Municipal Water District

Print or Type Name of Authorized Local Agency
or School District Official



Signature of Authorized Local Agency or
School District Official

General Manager

Print or Type Title

11/06/2017

Date

** If the declarant for this Claim Certification is different from the Claimant contact identified in section 2 of the test claim form, please provide the declarant's address, telephone number, fax number, and e-mail address below.*

5. Written Narrative

On September 21, 2016 Governor Jerry Brown signed AB 1794 by Assembly Member Cristina Garcia into law. AB 1794 was one of two bills dealing with Central Basin Municipal Water District (the District) in the 2015-16 legislative cycle, with the other being Senate Bill 953 by Senator Ricardo Lara. Both bills were authored in response to an audit of the District by the California State Auditor.

The bill was an act to add Chapter 1.6, commencing with Section 71265, to Part 3 of Division 20 of the Water Code, relating to water districts, which states:

Existing law, the Municipal Water District Law of 1911, provides for the formation of municipal water districts and grants to those districts' specified powers. Existing law permits a district to acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water for the beneficial use of the district, its inhabitants, or the owners of rights to water in the district. Existing law requires the board of directors of a district to consist of five (5) members and each director to be a resident of the division from which the director is elected.

This bill now requires the Board of Directors of the District, to be composed of eight (8) directors until the directors elected at the November 8, 2022, election take office, when the board will be composed of seven (7) directors, as prescribed. By imposing new duties on the District, this bill creates a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

As detailed below, actual and/or estimated costs resulting from the mandate exceed one thousand dollars (\$1,000):

(A) Actual increased costs of new activities that were incurred as a result of the mandate total \$217,948.07 as follows in the detailed description:

1. Expanding the District's Board Room Dais from five (5) to eight (8) seats.

This required the expansion of the District's physical spaces, including the Board Room and parking lot. In an effort to accommodate AB 1794's mandate to increase the District's Board of Directors, a number of capital improvements were undertaken, namely:

- Expansion and refurbishment of the Dais to accommodate eight (8) Board Members during Board meetings;
- The purchase of additional microphones and AV equipment to accommodate the Board of Directors during Board meetings; and
- The re-stripping of the parking lot to accommodate eight (8) reserved parking spaces for Board Members.

The actual increased costs incurred as a result of the need to expand facilities to accommodate eight (8) Board Members during Board meetings was \$39,359.00 and the breakdown is as follows:

Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)
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“5. Written Narrative”

| Description | Expense | Month/Date | Cost |
|--|--------------------------|------------|--------------------|
| Expansion of the Board Room Dais to include space for three more Directors | Dais | April 2017 | \$25,363.00 |
| Purchase of material to expand and replace platform to hold Board Room Dais | Platform | April 2017 | \$3,541.00 |
| Purchase of audio-visual equipment for the use of the three (3) new Directors | Microphones and AV | April 2017 | \$3,570.00 |
| Refinish entire Board Room Dais to accommodate continuity and functionality | Marble for Dais | April 2017 | \$3,785.00 |
| Upgrading and re-stripping the parking lot to assign designated parking for three (3) additional Directors | Parking Lot Re-stripping | April 2017 | \$3,100.00 |
| Total | | | \$39,359.00 |

2. Project Management to Oversee Building Improvements.

The District also incurred actual increased costs to provide project management of all the physical changes to the District's Board Room and parking lot improvements to accommodate, the three (3) new Board members at Board meetings as a result of the mandate. Staff member, Albert Plimpton, coordinated this project management.

The actual increased costs incurred was \$6,760.50 and the breakdown is as follows:

| Description | Project Management and Coordinating the Physical Improvements to the District's Board Room Dais and Parking Lot | | | |
|--|---|----------------|----------------|-------------------|
| Expense | Staff Time: Albert Plimpton ID - 304 | | | |
| Activity | Month | Rate | Hours | Cost |
| Looked at potential audio video updates to expand Board Room Dais - Western Audio Video | December 13, 2016 | \$90.14 | 1.5 hrs. | \$135.21 |
| Met with Audio Visual representative to look at potential updates to Board Room - Crestron | December 14, 2016 | \$90.14 | 2 hrs. | \$180.28 |
| Discussion of potential designs for Board Room Dais with Dan Delglize | January 10, 2017 | \$90.14 | 1.5 hrs. | \$135.21 |
| Design, review, and corrections to design drawings for Boardroom with Pawel Buczek | January 14, 15 & 16, 2017 | \$90.14 | 4 hrs. | \$360.56 |
| Onsite visit, review of quote, discussion with Jeff Larsen of Tahiti Cabinets. | January 26 & 30, 2017 | \$90.14 | 3.5 hrs. | \$315.49 |
| Contract review, legal changes, Granite Quote - Tahiti Cabinets | February 1 – 7, 2017 | \$90.14 | 12 hrs. | \$1,081.68 |
| Contract review, legal changes, Granite Quote - Tahiti Cabinets | February 21, 2017 | \$90.14 | 3 hrs. | \$270.42 |
| Manage and assists with platform creation, electrical additions, Board Room Dais construction, Audio Visual wiring | February 27 & 28, 2017 and March 1, 2017 | \$90.14 | 16 hrs. | \$1,442.24 |
| Installation of Marble | March 3, 2017 | \$90.14 | 3.5 hrs. | \$315.49 |
| Installation of new Audio-Visual materials, wiring modifications, add VGA ports and wiring, Microphone installs | March 10, 11, 12, 13 & 14, 2017 | \$90.14 | 12 hrs. | \$1,081.68 |
| Installed brace legs to help keep dais from sagging | June 7 | \$90.14 | 6 hrs. | \$540.84 |
| Meetings with General Manager to go over plans and updates on status of work | December 2016 – June 2017 | \$90.14 | 10 hrs. | \$901.40 |
| Total | | \$90.14 | 75 hrs. | \$6,760.50 |

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Statutes 2016, Chapter 401 (AB 1794)
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“5. Written Narrative”

3. Executive Leadership to Conduct Appointment Process of three (3) additional Directors.

As a result of the mandate, the General Manager was directed by statute to conduct the election process. Much of the General Manager's time was spent on planning, directing, coordinating and overseeing the orientation, nomination and election of water purveyor representatives to the District's Board of Directors.

The actual increased costs incurred was \$26,344.08 and the breakdown is as follows:

| Description | Planning, Directing, Coordinating and Monitoring the Implementation of AB 1794 | | |
|---------------|--|-----------------|--------------------|
| Expense | Staff Time: Kevin P. Hunt ID - 349 | | |
| Month | Rate | Hours | Cost |
| October 2016 | \$156.81 | 24 hrs. | \$3,763.44 |
| November 2016 | \$156.81 | 24 hrs. | \$3,763.44 |
| December 2016 | \$156.81 | 24 hrs. | \$3,763.44 |
| January 2017 | \$156.81 | 24 hrs. | \$3,763.44 |
| February 2017 | \$156.81 | 24 hrs. | \$3,763.44 |
| March 2017 | \$156.81 | 24 hrs. | \$3,763.44 |
| April 2017 | \$156.81 | 24 hrs. | \$3,763.44 |
| Total | \$156.81 | 168 hrs. | \$26,344.08 |

4. Legal Support and Guidance in the Implementation of AB 1794 and Legal Defense.

To support District staff in the implementation of AB 1794 and the appointment of three (3) additional Directors, the District sought legal support and guidance to assist staff in facilitating and conducting the election and responding to litigation as a result of mandate.

The actual increased costs incurred was \$32,835.00 and the breakdown is as follows:

| Description | Expense | FY 2016-2017 | |
|---|---------------------------------|----------------|-------------|
| | | Month | Cost |
| Cost of legal support to assist the staff in facilitating and conducting the election | Legal Services: Nossaman LLP | September 2016 | \$6,682.50 |
| | | October 2016 | \$10,147.50 |
| | | November 2016 | \$4,730.00 |
| | | December 2016 | \$2,887.50 |
| | | January 2017 | \$2,860.00 |
| | | February 2017 | \$1,155.00 |
| | | March 2017 | \$4,372.50 |
| Total | | | \$32,835.00 |

After the seating of the three new Directors pursuant to the statute, two lawsuits were filed, each trying to block the implementation of the statute. In the absences of state attorneys defending the legislations, the District undertook to contest the legal challenges to the implementation. The actual increased costs incurred responding to litigation was \$101,688.50 and the breakdown is as follows:

| Description | Expense | FY 2016-2017 | |
|---|---|---------------|-------------|
| | | Month | Cost |
| Legal Expenses incurred contesting litigation brought against the District for the implementation of AB 1794. | Legal Services to defend against lawsuit filed by Ronald Beilke to halt implementation of AB 1794 | February 2017 | \$8,525.00 |
| | | March 2017 | \$18,150.00 |
| | | April 2017 | \$6,050.00 |
| | | May 2017 | \$16,527.50 |
| | | June 2017 | \$2,970.00 |
| | | FY 2017-2018 | |
| | | July 2017 | \$2,585.00 |
| | | August 2017 | \$1,286.00 |
| Total | | \$56,093.50 | |

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| Description | Expense | FY 2016-2017 | |
|---|---|----------------|-------------|
| | | Month | Cost |
| Legal Expenses incurred contesting litigation brought against the District for the implementation of AB 1794. The lawsuit was filed by the City of Huntington Park. | Legal Services to defend against lawsuit filed by the City of Huntington Park claiming unconstitutionality of AB 1794 | May 2017 | \$2,805.00 |
| | | June 2017 | \$10,477.50 |
| | | FY 2017-2018 | |
| | | July 2017 | \$13,832.50 |
| | | August 2017 | \$2,530.00 |
| | | September 2017 | \$15,950.00 |
| Total | | \$45,595.00 | |

5. Convening of meetings with the water purveyors who would be responsible for the appointment of the three (3) additional Directors.

To fully inform water retailers of the legislation and the plan to implement the legislation, the water purveyors were invited to convene at the District for mid-day meetings. Some of these meetings were attended by the author of the legislation and/or her staff to implement the legislation one of these meetings also served to provide the setting for the public opening of the sealed ballots.

The District incurred meal costs to inform water purveyors of the mandates contained in the bill, and to discuss the elements of the governance processes and procedures that would be undertaken. District representatives met with water purveyors during a seven (7) months period from September 2016 to March 2017. The water purveyors consisted of 8 Mutual Water Companies, 2 Large City Users, 16 Cities, 5 Special Districts, 3 Private Utilities Large Users, and 5 Other Private Utilities.

The actual increased cost incurred was \$1,623.23 and the breakdown is as follows:

| Description | Expense | Month/Date | Cost |
|--|---|--------------------|------------|
| Lunch Meetings between the District and Water Purveyors regarding the implementation of AB 1794 and the process to follow for nominations and election of additional board members | Meals for Meetings with Water Purveyors | September 28, 2016 | \$259.42 |
| | | October 26, 2016 | \$308.47 |
| | | November 16, 2016 | \$216.00 |
| | | December 6, 2016 | \$253.97 |
| | | January 25, 2017 | \$318.93 |
| | | February 22,2017 | \$266.44 |
| Total | | | \$1,623.23 |

6. Staff Time and Expense to Conduct Appointment of Three (3) Additional Board Members.

District staff were engaged in the preparation and execution of the nomination process and ballot process. Staff members created a database of water purveyors, verified contact information and mailing addresses, drafted a memorandum and nominations forms to inform the Water Purveyors of the process, and mailed the information to the Water Purveyors utilizing FedEx. After the nomination process, staff prepared the ballots and mailed the information via FedEx. Upon receiving the ballots, staff opened the ballots at a Water Purveyor Workshop (referenced above) and documented the results.

The actual increased costs incurred for mailing process and staff time was \$3,462.61 and the breakdown is as follows:

| Description | Expense | Month/Date | Cost |
|---|------------------------------------|------------------|-------------------|
| Preparation and mailing of Nomination Forms | Mailing Nomination forms via FedEx | January 3, 2017 | \$825.99 |
| Preparation and mailing of Ballot Forms | Mailing ballots via FedEx | January 30, 2017 | \$932.34 |
| Total | | | \$1,758.33 |

Implementation of Assembly Bill 1794
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| Expense | Staff Time: Margarita Aguilar ID – 272 | | | |
|--|---|-----------------|------------------|-------------------|
| Description | Month | Rate | Hours | Cost |
| Create the database of eligible Purveyors and verified contact information and mailing addresses. Drafted and formatted memoranda to inform Water Purveyors of Nomination Process and finalize Nomination Forms for each type of agency (8 Mutual Water Companies, 2 Large City Users, 16 Cities, 5 Special Districts, 3 Private Utilities Large Users, 5 Other Private Utilities) Print Memoranda and Nomination Forms and stuff and mail FedEx Envelopes | December 2016 | \$109.38 | 5 hrs. | \$546.90 |
| Drafting and Formatting Memorandum Notifying Purveyors of the Nominated Candidates that are Eligible to run for the three Central Basin Appointed positions on the Board of Directors and finalizing Ballot forms for each type of agency Printing of Memorandum and Ballot Forms and Stuffing FedEx Envelopes Creating and finalizing Ballot Results form to be used when opening ballots to note results | January 2017 | \$109.38 | 8.7 hrs. | \$951.61 |
| Attend Water Purveyors Workshop to open nominations and ballots and document Results | February 2017 | \$109.38 | .50 hrs. | \$54.69 |
| Total | | \$109.38 | 14.2 hrs. | \$1,553.20 |

| Expense | Staff Time: Cecilia Pulido ID - 331 | | | |
|--|--|----------------|---------------|-----------------|
| Description | Month | Rate | Hours | Cost |
| Printing of Memorandum and Ballot Forms and Stuffing FedEx Envelopes | January 2017 | \$50.36 | 2.5 hrs. | \$125.90 |
| Attend Water Purveyors Workshop to assist with the opening of nominations and ballots and document results | February 2017 | \$50.36 | .50 hrs. | \$25.18 |
| Total | | \$50.36 | 3 hrs. | \$151.08 |

7. Additional Staff Time Spent on the Implementation of AB 1794.

At the request of the Board of Directors, staff was tasked with preparing a written report on implementation process for AB 1794. District staff member Joseph Legaspi was the designated to prepare this report. Additionally, at the request of the General Manager he attended the Water Purveyor meetings.

The actual increased costs incurred for staff time to attend Water Purveyor meetings and prepare a report on the implementation process was \$2,751.30. The breakdown is as follows:

Implementation of Assembly Bill 1794
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| Expense | Staff Time: Joseph Legaspi ID - 324 | | | |
|--|-------------------------------------|----------------|----------------|-------------------|
| Description | Month | Rate | Hours | Cost |
| Attend Water Purveyor meetings and provide a written report to the District's Board of Directors regarding the Implementation of AB 1794 | October 2016 | \$91.71 | 2 hrs. | \$183.42 |
| | November 2016 | \$91.71 | 2 hrs. | \$183.42 |
| | December 2016 | \$91.71 | 2 hrs. | \$183.42 |
| | January 2017 | \$91.71 | 2 hrs. | \$183.42 |
| | February 2017 | \$91.71 | 12 hrs. | \$1100.52 |
| | March 2017 | \$91.71 | 10 hrs. | \$917.10 |
| | Total | \$91.71 | 30 hrs. | \$2,751.30 |

8. Travel and Office Expense Incurred for an Additional Three (3) Directors.

As a result of AB 1794, the structure of the Board expanded to an eight (8) member Board. Section 71267 (i)(1) of the mandate stipulates, that an appointed director shall be eligible for the following:

- (A) Reimbursement for travel and conference expenses pursuant to the Central Basin Municipal Water District Administrative Code.

Furthermore, Section (i)(2) of the mandate, stipulates that an appointed director shall not be eligible to receive communication or car allowances but clarifies that “car allowances” does not include travel expenses incurred as described in paragraph (1)(A).

The District’s Administrative Code states that each Director shall be permitted a travel budget not-to-exceed \$7,000 per fiscal year to attend conferences, seminars, hearings or other meetings directly related to the business of the District and in connection with their official duties. The travel budget is for only authorized expenses such as lodging, business meals, conference/seminar registration, and transportation. (i.e. air travel, train, rental car or private).

The three (3) appointed Directors took office on February 22, 2017. As a result of the mandate, the District incurred actual increased cost for travel and administrative/office expenses for the appointed Directors and the breakdown is as follows:

| New Cost for Travel and Administrative/Office Expenses for the Appointed Directors | |
|---|-------------------|
| Description | Cost |
| Director's Transportation | \$22.00 |
| Director's Registration and Dues | \$1,175.00 |
| Director's Housing and Accommodations | \$750.05 |
| Director's Meals | \$73.76 |
| Photography Services (Portraits and Prints for Appointed Directors) | \$211.68 |
| Office Supplies (Name Plates for Board Room Dais, Portrait Name Plates, Picture Frame for Appointed Directors) | \$449.83 |
| Miscellaneous (Meeting Expense: Meal for Installation Ceremony) | \$441.53 |
| Total | \$3,123.85 |

The following breakdown are the cumulative totals for Items 1-8 above, which are the actual increase cost that arose from the mandate, none of which would have been incurred had the legislation not been enacted.

Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant
“5. Written Narrative”

| New Activities | | Cost |
|----------------|---|---------------------|
| 1 | Expanding the District's Board Room Dais from five (5) to eight (8) seats | \$39,359.00 |
| 2 | Project Management to Oversee Building Improvements | \$6,760.50 |
| 3 | Executive Leadership to Conduct Appointment Process of Three (3) additional Directors | \$26,344.08 |
| 4 | Legal support and guidance in the implementation of AB 1794 and Legal Defense | \$134,523.50 |
| 5 | Convening of meetings with the water purveyors who would be responsible for the appointment of the three (3) additional Directors | \$1,623.23 |
| 6 | Staff Time and Expense to Conduct Appointment of Three (3) Additional Board Members | \$3,462.61 |
| 7 | Additional Staff Time Spent on the Implementation of AB 1794 | \$2,751.30 |
| 8 | Travel and Administrative/Office Expense Incurred for an Additional Three (3) Directors | \$3,123.85 |
| Total | | \$217,948.07 |

(B) A detailed description of existing activities and costs that are modified by the mandate.

Prior to the State mandate, the District functioned under the direction of a publicly-elected, five-member Board of Directors. The Board carries out the mission of the District through policy actions implemented at its public meetings and regional and industry leadership. Below is a detailed description of existing activities and costs that are modified by the mandate.

Compensation and Travel Expense

It is the policy of the District to compensate its Directors for the time they dedicate to advancing the projects and activities of the District. Directors are compensated for each day's attendance at meetings of the Board and committees, or for each day's work at direction of the Board, not exceeding a total of 10 days in any calendar month. The amount is established by ordinance or resolution and is currently \$233.17 per meeting.

As stated previously in Part 5. Written Narrative, Section (A)(8), Directors shall be permitted a travel budget not-to-exceed \$7,000 per fiscal year to attend conferences, seminars, hearings or other meetings directly related to the business of the District and in connection with their official duties.

In fiscal year 2016-2017 the departments year-to-date expenses for compensation and travel expense of existing activities was \$19,759.02.

Administration and Office Expense

Under the leadership of the General Manager, development and implementation of Board policies and District-wide administration is carried out. While the District's contracted General Counsel functions in a direct reporting relationship to the Board of Directors, much of the District's day-to-day interaction with General Counsel is managed by the General Manager. However, the District often requires additional, project-based legal assistance from General Counsel.

Under the leadership of the Director of Administration & Board Services, the various functions of the Administration & Board Services Department come together to provide effective internal District operations. The Department provides administrative assistance to the Board of Directors; District-wide logistical planning and support; communications guidance for complex and diverse relationships

Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant
“5. Written Narrative”

with other elected officials, governmental agencies, business and community organizations, interest groups, the public; and a variety of critical support services.

In fiscal year 2016-2017 the departments year-to-date expenses in support to the Board of Directors was \$6,870.02.

The table below is a cumulative total of existing activities based on the framework of a five (5) member Board and costs that were modified as a result of the mandate.

| Existing Activities and Costs for FY 2016-2017 | | |
|--|--------------------|-----------------------|
| Description | Budget | Year-to-Date Expenses |
| Director's Mileage | \$4,000.00 | \$1,293.82 |
| Director's Transportation | \$3,500.00 | \$3,122.52 |
| Director's Registration and Dues | \$9,000.00 | \$6,420.88 |
| Director's Housing and Accommodations | \$9,500.00 | \$8,347.05 |
| Director's Meals | \$4,000.00 | \$574.75 |
| Photography Services | \$750.00 | \$9.73 |
| Courier Services | \$2,500.00 | \$1,104.30 |
| Office Supplies | \$2,600.00 | \$1,202.73 |
| Meeting Expense | \$8,500.00 | \$2,779.82 |
| Postage | \$1,500.00 | \$0.00 |
| Memberships and Certifications | \$250.00 | \$90.00 |
| Miscellaneous | \$3,000.00 | \$1,683.44 |
| | \$49,100.00 | \$26,629.04 |

(C) The actual increased costs incurred by the claimant during the fiscal year for which the claim was filed to implement the alleged mandate.

In addition to the \$26,629.04 the District spent as its usual costs during fiscal year 2016-2017 for existing activities, it incurred additional cost of \$181,764.57 to implement the AB 1794 mandate during the fiscal year (2016-2017) for which the claim was filed. Below is the breakdown of the actual increased costs incurred by the District in fiscal year 2016-2017:

| Actual Increased Costs in Fiscal Year 2016-2017 to Implement Mandate | | | | |
|--|---|-----------------|-----------------------|----------------|
| Description | | FY 16-17 Budget | Year-to-Date Expenses | Budget Deficit |
| 1 | Expanding the District's Board Room Dais from five (5) to eight (8) seats | \$0.00 | \$39,359.00 | (\$39,359.00) |
| 2 | Project Management to Oversee Building Improvements | \$0.00 | \$6,760.50 | (\$6,760.50) |
| 3 | Executive Leadership to Conduct Appointment Process of Three (3) additional Directors | \$0.00 | \$26,344.08 | (\$26,344.08) |
| 4 | Legal support and guidance in the implementation of AB 1794 and Legal Defense: <ul style="list-style-type: none"> Legal expenses incurred to contest litigation resulting from lawsuit brought forth by Ron Beilke <i>(includes cost from February 2017- June 2017)</i> Legal expenses incurred to contest litigation resulting from lawsuit brought forth by the City of Huntington Park <i>(includes cost from May 2017- June 2017)</i> | \$0.00 | \$98,340 | (\$98,340) |

Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant
“5. Written Narrative”

| | | | | |
|--------------|---|---------------|---------------------|-----------------------|
| 5 | Convening of meetings with the water purveyors who would be responsible for the appointment of the three (3) additional Directors | \$0.00 | \$1,623.23 | (\$1,623.23) |
| 6 | Staff Time and Expense to Conduct Appointment of Three (3) Additional Board Members | \$0.00 | \$3,462.61 | (\$3,462.61) |
| 7 | Additional Staff Time Spent on the Implementation of AB 1794 | \$0.00 | \$2,751.30 | (\$2,751.30) |
| 8 | Travel and Administrative/Office Expense Incurred for an Additional Three (3) Directors | \$0.00 | \$3,123.85 | (\$3,123.85) |
| Total | | \$0.00 | \$181,764.57 | (\$181,764.57) |

(D) The estimated annual costs that will be incurred by the claimant to implement the alleged mandate during the fiscal year immediately following the fiscal year for which the claim was filed.

As a result of AB 1794, the structure of the Board has now been expanded to an eight (8) member Board. As previously stated, Section 71267 (i)(1) of the mandate stipulates, that an appointed director shall be eligible for all of the following:

- (A) Reimbursement for travel and conference expenses pursuant to the Central Basin Municipal Water District Administrative Code.
- (B) Compensation for up to 10 meetings per month at the per meeting rate provided by the Central Basin Municipal Water District Administrative Code.
- (C) Health insurance benefits, if those benefits are not provided by the director's employer.

As previously stated, section (i)(2) of the mandate, stipulates that an appointed director shall not be eligible to receive communication or car allowances but clarifies that “car allowances” does not include travel expenses incurred as described in paragraph (1)(A). As a result, the District is budgeting for travel expenses that arise from the need of the three (3) additional Directors to travel to and from conferences.

Section (i)(3) of the mandate, states that an appointed director may waive the reimbursement and compensation described in paragraph (1)(B) and may be required to reimburse his or her employer for any compensation received.

Based on the stipulations provided by the mandate, the District budgeted the cost of governance, administrative functions of the department and legal support based on the framework of an eight (8) member Board as oppose to the previous five (5) member Board for fiscal year 2017-2018. Below is the breakdown estimated annual cost for fiscal year 2017-2018:

| Estimated Annual Costs to be Incurred for an additional three (3) Directors in Fiscal Year 2017-2018 per AB 1794 Mandate | | | |
|---|---------------|------------------------------|-----------------------|
| Description | Budget | Year-to-Date Expenses | Budget Balance |
| Director's Per Diem <i>(3 Mandated Directors have opted not to receive a Per Diem)</i> | \$0.00 | \$0.00 | \$0.00 |
| Car Allowance <i>(Disallowed by Mandate)</i> | \$0.00 | \$0.00 | \$0.00 |
| Director's Communication <i>(Disallowed by Mandate)</i> | \$0.00 | \$0.00 | \$0.00 |
| Director's Mileage - \$750 X 3 Directors = \$2,250 | \$2,250.00 | \$0.00 | \$2,250.00 |

Implementation of Assembly Bill 1794
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Central Basin Municipal Water District, Claimant
“5. Written Narrative”

| | | | |
|---|--------------------|---------------|--------------------|
| Director's Transportation \$1,000 X 3 Directors = \$3,000 | \$3,000 | \$0.00 | \$3,000.00 |
| Director's Registration and Dues - \$1,500 X 3 Directors = \$4,500 | \$4,500.00 | \$0.00 | \$4,500.00 |
| Director's Housing and Accommodations - \$1,600 X 3 Directors = \$4,800 | \$4,800.00 | \$0.00 | \$4,800.00 |
| Director's Meals - \$750 X 3 Directors = \$2,250 | \$2,250.00 | \$0.00 | \$2,250.00 |
| Consultants | \$0.00 | \$0.00 | \$0.00 |
| Photography Services | \$0.00 | \$0.00 | \$0.00 |
| Courier Services – \$125 X 3 Directors = \$375 | \$375.00 | \$0.00 | \$375.00 |
| Office Supplies – \$187.50 X 3 Directors = \$562.50 | \$562.50 | \$0.00 | \$562.50 |
| Meeting Expense | \$0.00 | \$0.00 | \$0.00 |
| Postage - \$125 X 3 Directors = \$375.00 | \$375.00 | \$0.00 | \$375.00 |
| Memberships and Certifications | \$0.00 | \$0.00 | \$0.00 |
| Miscellaneous - \$125 X 3 Directors = \$375.00 | \$375.00 | \$0.00 | \$375.00 |
| Total | \$18,487.50 | \$0.00 | \$18,487.50 |

| Actual or Estimated Annual Costs to be Incurred for Legal Support in Fiscal Year 2017-2018 per AB 1794 Mandate | | | |
|---|--------------------|--|---------------------|
| Description | Budget | Actual Costs Year-to-Date Expenses | Estimated Costs |
| Legal and staff costs to write Board of Directors election process into District Administrative Code | \$6,500.00 | \$0.00 | \$6,500.00 |
| Legal expenses incurred to contest litigation resulting from lawsuit brought forth by Ronald Beilke <i>(includes cost from July 2017- August 2017) – Litigation Settled</i> | \$9,000.00 | \$3,871.00 | \$3,871.00 |
| Legal expenses incurred to contest litigation resulting from lawsuit brought forth by the City of Huntington Park <i>(includes cost from July 2017-September 2017) – Litigation is still Ongoing*</i> | \$9,000.00 | \$32,312.50 | \$150,000 |
| Total | \$24,500.00 | \$36,183.50 | \$160,371.00 |

*Legal expenses to contest litigation resulting from lawsuit brought forth by the City of Huntington Park is still ongoing and as such, the District estimates cost to continue through June 2018.

It should also be noted that the three new appointed Directors serve two or four year initial terms, after which four year terms will be filled on a rotating basis, requiring elections which will involve time and expenses of the General Manager, staff, and possibly legal staff, on a recurring basis but not reflected in the 2017-2018 estimate of increased costs.

The cumulative estimated increased annual cost to be incurred for an additional three (3) Directors and Legal Support in fiscal year 2017-2018 per the AB 1794 mandate is \$178,858.50.

(E) A statewide cost estimate of increased costs that all local agencies or school districts will incur to implement the alleged mandate during the fiscal year immediately following the fiscal year for which the claim was filed.

There is no statewide cost estimate of increased costs that all local agencies or school districts will incur to implement the mandate during the fiscal year immediately following the fiscal year for which the claim was filed. Not applicable.

(F) Identification of all of the following funding sources available for this program: (i) Dedicated state funds (ii) Dedicated federal funds (iii) Other nonlocal agency funds (iv) The local agency's general purpose funds (v) Fee authority to offset costs.

The source of the funding for this program is the District's general fund. Implementation of the statute does not increase water quality or water supply, nor does the statute provide for a new or enhanced level of service for which customers may be charged. If the Commission on State Mandates determines that the statutory mandates of AB 1794 contains costs mandated by the state, reimbursement for those costs shall be made. There are no other funding sources available.

(G) Identification of prior mandate determinations made by the Board of Control or the Commission on State Mandates that may be related to the alleged mandate.

Not Applicable.

(H) Identification of a legislatively determined mandate pursuant to Government Code section 17573 that is on the same statute or executive order.

Not Applicable.



Central Basin

Municipal Water District

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Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant
"6. Declarations"

Board of Directors

Division I

Pedro Aceituno

Division II

Robert Apodaca

Division III

Arturo Chacon

Division IV

Leticia Vasquez

Division V

Phillip D. Hawkins

Director at Large

William C. Gedney

Director at Large

John Oskoui

Director at Large

Mark Grajeda

General Manager

Kevin P. Hunt, P.E.

DECLARATION OF KEVIN P. HUNT

I, Kevin P. Hunt, state that I have personal knowledge of the Central Basin Municipal Water District's Test Claim submitted to the Commission on State Mandates on the implementation of Assembly Bill 1794 - An act to add Chapter 1.6 (commencing with Section 71265) to Part 3 of Division 20 of the Water Code, relating to municipal water districts. If called as a witness herein to testify, I could, and would testify competently thereto:

In my role as General Manager for the Central Basin Municipal Water District I have been, and am directly involved with the District's implementation of Assembly Bill 1794, including this complete and timely recovery of costs for activities mandated by this bill.

As the General Manager I was and am directly and indirectly involved in the eight categories of activities described in our written narrative that were necessary to implement Assembly Bill 1794. Had it not been for this legislation, these activities and their corresponding expenditure would not have been incurred by the District.

Provided below is my response to Section 6 of the District's reimbursement claim as required by the Commission on State Mandates

Serving the Cities of

SECTION (A)

| | |
|------------------|------------------|
| Artesia | La Mirada |
| Bell | Lynwood |
| Bellflower | Maywood |
| Bell Gardens | Montebello |
| Carson | Monterey Park |
| Cerritos | Norwalk |
| Commerce | Paramount |
| Compton | Pico Rivera |
| Cudahy | Santa Fe Springs |
| Downey | Signal Hill |
| Hawaiian Gardens | South Gate |
| Huntington Park | Whittier |
| La Habra Heights | Vernon |
| Lakewood | |

and Unincorporated Areas
of Los Angeles County

The Central Basin Municipal Water District incurred actual increase costs of \$217,948.07 to implement Assembly Bill 1794. These costs were associated with new activities that were needed to implement Assembly Bill 1794. Had it not been for this legislation, the District would not have incurred these increased costs. Provided below is a table outlining the categories and costs. Further detail on this item is included in Section 5 (Written Narrative) of our Test Claim.

Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant
“6. Declarations”

| New Activities | | Cost |
|----------------|---|---------------------|
| 1 | Expanding the District’s Board Room Dais from five (5) to eight (8) seats | \$39,359.00 |
| 2 | Project Management to Oversee Building Improvements | \$6,760.50 |
| 3 | Executive Leadership to Conduct Appointment Process of Three (3) additional Directors | \$26,344.08 |
| 4 | Legal support and guidance in the implementation of AB 1794 and Legal Defense | \$134,523.50 |
| 5 | Convening of meetings with the water purveyors who would be responsible for the appointment of the three (3) additional Directors | \$1,623.23 |
| 6 | Staff Time and Expense to Conduct Appointment of Three (3) Additional Board Members | \$3,462.61 |
| 7 | Additional Staff Time Spent on the Implementation of AB 1794 | \$2,751.30 |
| 8 | Travel and Administrative/Office Expense Incurred for an Additional Three (3) Directors | \$3,123.85 |
| Total | | \$217,948.07 |

SECTION (B)

The Central Basin Municipal Water District is able to recover increased costs incurred by the implementation of Assembly Bill 1794 through the following avenues: reimbursement of mandated costs from the State of California, rate increases to Central Basin customers, and implementation of an additional fee to Central Basin customers. The District is not able to offset costs incurred for the implementation of Assembly Bill 1794 by seeking out local or federal funds.

SECTION (C)

Assembly Bill 1794 requires the board of directors of the Central Basin Municipal Water District to be composed of 8 directors until the directors elected at the November 8, 2022 election, take office, when the board would be composed of 7 directors, as prescribed. By imposing new duties on the district, this bill would create a state-mandated local program. This can be found on page 1 of the legislation.

Section 71266 (C) of Assembly Bill 1794 states “until the directors elected at the November 8, 2022 election take office, the board of directors shall be composed of eight directors as follows:

- (1) Five directors in accordance with Section 71250.
- (2) Three directors appointed by the water purveyors of the district, pursuant to Section 71267.

Prior to the implementation of Assembly Bill 1794, the Central Basin Municipal Water District was composed of five publicly elected directors. Assembly Bill 1794 imposed a requirement that the District expand its board by three members to eight. This created a series of new activities to implement the provisions of the new statute (Assembly Bill

1794) that imposed a state-mandated reimbursable program. The description of the activities associated with meeting the requirements of Assembly Bill 1794 are below:

- (1) Expanding the District's Board Room Dais from five (5) to eight (8) seats;
- (2) Project Management to Oversee Building Improvements;
- (3) Executive Leadership to Conduct Appointment Process of Three (3) additional Directors;
- (4) Legal support and guidance in the implementation of AB 1794 and Legal Defense;
- (5) Convening of meetings with the water purveyors who would be responsible for the appointment of the three (3) additional Directors;
- (6) Staff Time and Expense to Conduct Appointment of Three (3) Additional Board Members;
- (7) Additional Staff Time Spent on the Implementation of AB 1794; and
- (8) Travel and Administrative/Office Expense Incurred for an Additional Three (3) Directors.

Had it not been for Assembly Bill 1794, the District would not have incurred increased costs to implement specified provisions of the new statute that imposed a state-mandated reimbursable program.


SECTION (D)

This section is not applicable as the Central Basin Municipal Water District has not received payments for full reimbursement of costs for a legislatively determined mandate pursuant to Section 17573. The District is seeking reimbursement of increased costs associated with implementing Assembly Bill 1794 from the period of September 21, 2016 and June 30, 2017.

SECTION (E)

I declare, under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct.

Executed this 6th day of November, 2017 at Commerce, California.



Kevin P. Hunt, P.E.

General Manager

Central Basin Municipal Water District



Central Basin

Municipal Water District

6252 Telegraph Road
Commerce, CA 90040-2512

Phone: 323.201.5500
Fax: 323.201.5550
www.centralbasin.org

Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant
"6. Declarations"

DECLARATION OF ALBERT PLIMPTON

Board of Directors

Division I

Pedro Aceituno

Division II

Robert Apodaca

Division III

Arturo Chacon

Division IV

Leticia Vasquez

Division V

Phillip D. Hawkins

Director at Large

William C. Gedney

Director at Large

John Oskoui

Director at Large

Mark Grajeda

General Manager

Kevin P. Hunt, P.E.

Serving the Cities of

| | |
|------------------|------------------|
| Artesia | La Mirada |
| Bell | Lynwood |
| Bellflower | Maywood |
| Bell Gardens | Montebello |
| Carson | Monterey Park |
| Cerritos | Norwalk |
| Commerce | Paramount |
| Compton | Pico Rivera |
| Cudahy | Santa Fe Springs |
| Downey | Signal Hill |
| Hawaiian Gardens | South Gate |
| Huntington Park | Whittier |
| La Habra Heights | Vernon |
| Lakewood | |

and Unincorporated Areas
of Los Angeles County

I, Albert Plimpton, state that I have personal knowledge of the Central Basin Municipal Water District's Test Claim submitted to the Commission on State Mandates on the Implementation of Assembly Bill 1794 – Statutes 2016, Chapter 401, and if called as a witness herein to testify, I could, and would, testify competently thereto.

I am the Director of Information Technology for the Central Basin Municipal Water District ("the District"). I have been, and am, involved with the District's implementation of Assembly Bill 1794, particularly, the implementation of Chapter 1.6 (commencing with Section 71265) to Part 3 of Division 20 of the Water Code, which requires that the Board of Directors of the Central Basin Municipal Water District be composed of 8 directors until the directors elected at the November 8, 2022, election take office, when the board would be composed of 7 directors, as prescribed.

Below is my response to Section 6 (C) of the Test Claim Form as required by the Commission of State Mandates. Further details can be found in Section (A) of the Written Narrative, on page numbers 1 and 2, under item numbers 1 and 2.

As the Director of Information Technology, my responsibilities included coordinating the expansion of the District's facilities to accommodate the increase from five (5) to eight (8) board members as follows:

1. Ensure parking is available to new board members to attend committee and board meetings by re-striping the parking lot to add three (3) new spaces.
2. Restructure and refurbish the boardroom, to accommodate the increase in board membership from five (5) to eight (8) board members.
3. Restructure and refurbish the dais, to accommodate the increase in board membership from five (5) to eight (8) board members; and
4. The purchase of three (3) additional microphones and peripheral audio-visual equipment to accommodate the three (3) new board members.

This created a series of new activities to implement the provisions of the new statute (Assembly Bill 1794) which totaled an additional seventy-five (75) hours of staff time billed at the existing rate of \$90.14 per hour for a total of \$6,760.50 in actual increased costs for staff member Albert Plimpton for fiscal year 2016-2017. No increased costs for staff member Albert Plimpton is anticipated for fiscal year 2017 – 2018 to implement the mandate imposed by the test claim statute.

Provided below is a description of the new activities performed to implement Assembly Bill 1794, particularly, the implementation of Chapter 1.6 (commencing with Section 71265) to Part 3 of Division 20 of the Water Code:

1. Worked with audio-visual vendor, Western Audio Video, to assess potential audio video updates for expanded boardroom on December 13, 2016 at a cost of \$135.21. ($\$90.14 \times 1.5 \text{ hrs.} = \135.21)
2. Worked with audio-visual vendor, Creston, to assess updates to boardroom on December 14, 2016 at a cost of \$180.28. ($\$90.14 \times 2 \text{ hrs.} = \180.28)
3. Reviewed potential designs for Boardroom Dais with Interior Design Specialist Dan Delglize on January 10, 2017 at a cost of \$135.21. ($\$90.14 \times 1.5 \text{ hrs.} = \135.21)
4. Reviewed and provided recommendations for corrections to design drawings for District Boardroom to construction specialist Pawel Buczek on January 14, 15 & 16, 2017 at a cost of \$360.56. ($\$90.14 \times 4 \text{ hrs.} = \360.56)
5. Supervised onsite visit and reviewed written quotations for services provided by Jeff Larsen of Tahiti Cabinets on January 26 & 30, 2017 at a cost of \$315.49. ($\$90.14 \times 3.5 \text{ hrs.} = \315.49)
6. Conducted contract review and made changes to contract language of granite quote provided by Tahiti Cabinets on February 1 – 7, 2017 at a cost of \$1,081.68. ($\$90.14 \times 12 \text{ hrs.} = \$1,081.68$)
7. Conducted contract review, made changes to contract language and finalized the provision of services by Tahiti Cabinets on February 21, 2017 at a cost of \$270.42. ($\$90.14 \times 3 \text{ hrs.} = \270.42)
8. Managed and assisted with the project management of platform creation, electrical additions, dais construction, AV wiring from the dates of February 27 & 28, 2017 and March 1, 2017 at a cost of \$1,442.24. ($\$90.14 \times 16 \text{ hrs.} = \$1,442.24$)

9. Provided supervision and project management for the installation of marble slabs on March 3, 2017 at a cost of \$315.49. ($\$90.14 \times 3.5 \text{ hrs.} = \315.49)
10. Provided supervision and project management for the installation of new AV materials, wiring modifications, added VGA ports and wiring, and additional microphones on March 10, 11, 12, 13 & 14, 2017 at a cost of \$1,081.68. ($\$90.14 \times 12 \text{ hrs.} = \$1,081.68$)
11. Provided supervision and project management for corrective action to installed brace legs to correct the sagging in the dais on June 7 at a cost of \$540.84. ($\$90.14 \times 6 \text{ hrs.} = \540.84)
12. Conducted meetings with General Manager to go over plans and provide updates on the work status for the months of December 2016 – June 2017 at a cost of \$901.40. ($\$90.14 \times 10 \text{ hrs.} = \901.40)

These activities were all undertaken as a result of the implementation of Assembly Bill 1794 – Statutes 2016, Chapter 401. Had it not been for this legislation, these activities and their corresponding expenditure would not have been incurred by the District.

I declare, under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct.

Executed this 6th day of November, 2017 at Commerce, California.



Albert Plimpton
Director of Information Technology
Central Basin Municipal Water District



Central Basin

Municipal Water District

6252 Telegraph Road
Commerce, CA 90040-2512

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Fax: 323.201.5550
www.centralbasin.org

Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant
"6. Declarations"

DECLARATION OF MARGARITA AGUILAR

Board of Directors

Division I

Pedro Aceituno

Division II

Robert Apodaca

Division III

Arturo Chacon

Division IV

Leticia Vasquez

Division V

Phillip D. Hawkins

Director at Large

William C. Gedney

Director at Large

John Oskoui

Director at Large

Mark Grajeda

General Manager

Kevin P. Hunt, P.E.

I, Margarita Aguilar, state that I have personal knowledge of the Central Basin Municipal Water District's Test Claim submitted to the Commission on State Mandates on the Implementation of Assembly Bill 1794 – Statutes 2016, Chapter 401, and if called as a witness herein to testify, I could, and would, testify competently thereto.

I am the Director of Administration and Board Services for the Central Basin Municipal Water District. I have been, and am, directly involved with the District's implementation of Assembly Bill 1794, particularly, the implementation of Chapter 1.6 (commencing with Section 71265) to Part 3 of Division 20 of the Water Code, which requires that the Board of Directors of the Central Basin Municipal Water District be composed of 8 directors until the directors elected at the November 8, 2022, election take office, when the board would be composed of 7 directors, as prescribed.

Below is my response to Section 6 (C) of the Test Claim Form as required by the Commission of State Mandates. Further details can be found in Section (A) of the Written Narrative, on page number 5, under item number 6.

As the Director of Administration and Board Services, my responsibilities included:

1. Creation of the database of eligible Water Purveyors;
2. Verification of contact information and mailing addresses;
3. drafting and formatting of memoranda to inform Water Purveyors of the nomination process;
4. Printing memoranda and nomination forms;
5. Mailings to the Water Purveyors;
6. Drafting and formatting memoranda notifying Water Purveyors of the nominated candidates;
7. Finalizing the ballot forms; and
8. Attending the Purveyor Workshops to open nominations and ballots and recording election results.

Serving the Cities of

| | |
|------------------|------------------|
| Artesia | La Mirada |
| Bell | Lynwood |
| Bellflower | Maywood |
| Bell Gardens | Montebello |
| Carson | Monterey Park |
| Cerritos | Norwalk |
| Commerce | Paramount |
| Compton | Pico Rivera |
| Cudahy | Santa Fe Springs |
| Downey | Signal Hill |
| Hawaiian Gardens | South Gate |
| Huntington Park | Whittier |
| La Habra Heights | Vernon |
| Lakewood | |

and Unincorporated Areas
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This created a series of new activities to implement the provisions of the new statute (Assembly Bill 1794) which totaled an 14.2 hours of staff time billed at the existing rate of \$109.38 per hour for a total of \$1,553.20 in actual increased costs for staff member Margarita Aguilar for fiscal year 2016-2017. No increased costs for staff member Margarita Aguilar is anticipated for fiscal year 2017 – 2018 to implement the mandate imposed by the test claim statute.

Provided below is a description of the new activities performed to implement Assembly Bill 1794, particularly, the implementation of Chapter 1.6 (commencing with Section 71265) to Part 3 of Division 20 of the Water Code:

1. Created the database of eligible Water Purveyors and verified contact information and mailing addresses. Drafted and formatted memoranda to inform Water Purveyors of nomination process and finalize nomination forms for each type of agency (8 Mutual Water Companies, 2 Large City Users, 16 Cities, 5 Special Districts, 3 Private Utilities Large Users, 5 Other Private Utilities). Printed memoranda and nomination forms and stuffed and mailed FedEx envelopes at a cost of \$546.90. ($\$109.38 \times 5 \text{ hrs.} = \546.90)
2. Drafted and formatted memoranda notifying Water Purveyors of the nominated candidates that were eligible to run for the three Central Basin appointed positions on the Board of Directors and finalizing ballot forms for each type of agency. Printed memoranda and ballot forms and stuffing FedEx envelopes. Created and finalizing ballot results form to be used when opening ballots to note results at a cost of \$951.61. ($\$109.38 \times 8.7 \text{ hrs.} = \951.61)
3. Attend Water Purveyor Workshops to open nominations and ballots and document results at a cost of \$54.69. ($\$109.38 \times .50 \text{ hrs.} = \54.69)

These activities were all undertaken as a result of the implementation of Assembly Bill 1794 – Statutes 2016, Chapter 401, which resulted in increased costs for staff member Margarita Aguilar for fiscal year 2016 – 2017. Had it not been for this legislation, these activities and their corresponding expenditure would not have been incurred by the District.

I declare, under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct.

Executed this 6th day of November, 2017 at Commerce, California.



Margarita Aguilar

Director of Administration and Board Services
Central Basin Municipal Water District



Central Basin

Municipal Water District

6252 Telegraph Road
Commerce, CA 90040-2512

Phone: 323.201.5500
Fax: 323.201.5550
www.centralbasin.org

Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant
"6. Declarations"

DECLARATION OF CECILIA PULIDO

Board of Directors

Division I

Pedro Aceituno

Division II

Robert Apodaca

Division III

Arturo Chacon

Division IV

Leticia Vasquez

Division V

Phillip D. Hawkins

Director at Large

William C. Gedney

Director at Large

John Oskoui

Director at Large

Mark Grajeda

General Manager

Kevin P. Hunt, P.E.

Serving the Cities of

| | |
|------------------|------------------|
| Artesia | La Mirada |
| Bell | Lynwood |
| Bellflower | Maywood |
| Bell Gardens | Montebello |
| Carson | Monterey Park |
| Cerritos | Norwalk |
| Commerce | Paramount |
| Compton | Pico Rivera |
| Cudahy | Santa Fe Springs |
| Downey | Signal Hill |
| Hawaiian Gardens | South Gate |
| Huntington Park | Whittier |
| La Habra Heights | Vernon |
| Lakewood | |

and Unincorporated Areas
of Los Angeles County

I, Cecilia Pulido, state that I have personal knowledge of the Central Basin Municipal Water District's Test Claim submitted to the Commission on State Mandates on the Implementation of Assembly Bill 1794 – Statutes 2016, Chapter 401, and if called as a witness herein to testify, I could, and would, testify competently thereto.

I am the Deputy Board Secretary/Executive Assistant for the Central Basin Municipal Water District. I have been, and am, directly involved with the District's implementation of Assembly Bill 1794, particularly, the implementation of Chapter 1.6 (commencing with Section 71265) to Part 3 of Division 20 of the Water Code, which requires that the Board of Directors of the Central Basin Municipal Water District be composed of 8 directors until the directors elected at the November 8, 2022, election take office, when the board would be composed of 7 directors, as prescribed.

Below is my response to Section 6 (C) of the Test Claim Form as required by the Commission of State Mandates. Further details can be found in Section (A) of the Written Narrative, on page number 5, under item number 6.

As the Deputy Board Secretary/Executive Assistant, my responsibilities included the printing of memorandum and ballot forms, stuffing FedEx envelopes, and attending Water Purveyor Workshops to assist in the opening of nominations and ballots and documenting the election results.

This created a series of new activities to implement the provisions of the new statute (Assembly Bill 1794) which totaled an additional 3 hours of staff time billed at the existing rate of \$50.36 per hour for a total of \$151.08 in actual increased costs for staff member Cecilia Pulido for fiscal year 2016-2017. No increased costs for staff member Cecilia Pulido is anticipated for fiscal year 2017 – 2018 to implement the mandate imposed by the test claim statute.

Provided below is a description of the new activities performed to implement Assembly Bill 1794, particularly, the implementation of Chapter 1.6

(commencing with Section 71265) to Part 3 of Division 20 of the Water Code:

1. Assisted with printing of memoranda notifying Water Purveyors of the nominated candidates that were eligible to run for the three Central Basin appointed positions on the Board of Directors and finalizing ballot forms for each type of agency. Assisted with printing of Memoranda and ballot forms and stuffing FedEx Envelopes at a cost of \$125.90. ($\$50.36 \times 2.5 \text{ hrs.} = \125.90)
2. Attend Water Purveyors Workshop to assist with the opening of nominations and ballots at a cost of \$25.18. ($\$50.36 \times .50 \text{ hrs.} = \25.18)

These activities were all undertaken as a result of the implementation of Assembly Bill 1794 – Statutes 2016, Chapter 401, which resulted in increased costs for staff member Cecilia Pulido for fiscal year 2016 – 2017. Had it not been for this legislation, these activities and their corresponding expenditure would not have been incurred by the District.

I declare, under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct.

Executed this 6th day of November, 2017 at Commerce, California.



Cecilia Pulido
Deputy Board Secretary/Executive Assistant
Central Basin Municipal Water District



Central Basin

Municipal Water District

6252 Telegraph Road
Commerce, CA 90040-2512

Phone: 323.201.5500
Fax: 323.201.5550
www.centralbasin.org

Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant
"6. Declarations"

DECLARATION OF JOSEPH LEGASPI

Board of Directors

Division I

Pedro Aceituno

Division II

Robert Apodaca

Division III

Arturo Chacon

Division IV

Leticia Vasquez

Division V

Phillip D. Hawkins

Director at Large

William C. Gedney

Director at Large

John Oskoui

Director at Large

Mark Grajeda

General Manager

Kevin P. Hunt, P.E.

Serving the Cities of

| | |
|------------------|------------------|
| Artesia | La Mirada |
| Bell | Lynwood |
| Bellflower | Maywood |
| Bell Gardens | Montebello |
| Carson | Monterey Park |
| Cerritos | Norwalk |
| Commerce | Paramount |
| Compton | Pico Rivera |
| Cudahy | Santa Fe Springs |
| Downey | Signal Hill |
| Hawaiian Gardens | South Gate |
| Huntington Park | Whittier |
| La Habra Heights | Vernon |
| Lakewood | |

and Unincorporated Areas
of Los Angeles County

I, Joseph Legaspi, state that I have personal knowledge of the Central Basin Municipal Water District's Test Claim submitted to the Commission on State Mandates on the Implementation of Assembly Bill 1794 – Statutes 2016, Chapter 401, and if called as a witness hereinto testify, I could, and would, testify competently thereto.

I am the Director of External Affairs for the Central Basin Municipal Water District ("the District"). I have been, and am, involved with the District's implementation of Assembly Bill 1794, particularly, the implementation of Chapter 1.6 (commencing with Section 71265) to Part 3 of Division 20 of the Water Code, which requires that the Board of Directors of Central Basin Municipal Water District be composed of 8 directors until the directors elected at the November 8, 2022, election take office, when the board would be composed of 7 directors, as prescribed.

Below is my response to Section 6 (C) of the Test Claim Form as required by the Commission of State Mandates. Further details can be found in Section (A) of the Written Narrative, on page numbers 5 and 6, under item number 7.

As the Director of External Affairs, my responsibilities included attending Water Purveyor meetings and preparing a written report on the implementation process of AB 1794 as requested by the Board of Directors of the Central Basin Municipal Water District. I was responsible for performing these duties during a six month period from October 2016 to March 2017.

This created a series of new activities to implement the provisions of the new statute (Assembly Bill 1794) which totaled an additional thirty (30) hours of staff time billed at the existing rate of \$91.71 per hour for a total of \$2,751.30 in actual increased costs for staff member Joseph Legaspi for fiscal year 2016-2017. No increased costs for staff member Joseph Legaspi is anticipated for fiscal year 2017 – 2018 to implement the mandate imposed by the test claim statute.

Provided below is a description of the new activities performed to implement Assembly Bill 1794, particularly, the implementation of Chapter 1.6 (commencing with Section 71265) to Part 3 of Division 20 of the Water Code:

1. **October 26, 2016**, Attending Water Purveyor Workshop at a cost of \$183.42. (\$91.71 x 2 hrs. = \$183.42)
2. **November 16, 2016**, Attending Water Purveyor Workshop at a cost of \$183.42. (\$91.71 x 2 hrs. = \$183.42)
3. **December 6, 2016**, Attending Water Purveyor Workshop at a cost of \$183.42. (\$91.71 x 2 hrs. = \$183.42)
4. **January 25, 2017**, Attending Water Purveyor Workshop at a cost of \$183.42. (\$91.71 x 2 hrs. = \$183.42)
5. **February 2017**, Attending Water Purveyor Workshop on February 22, 2017. Preparing and attending the Board of Directors meeting on February 27, 2017 with respect to agenda item No. 22 – "*Consideration and Possible Action Regarding Contract to Investigate Assembly Bill 1794 Process*" at a cost of \$1,100.52. (\$91.71 x 12 hrs. = \$1,100.52)
6. **March 2017**, Drafting and finalizing report on the implementation process of AB 1794 and presenting at the March 27, 2017 Board of Directors meeting on agenda item No. 15 – "*Report on Implementation of AB 1794*" at a cost of \$917.10. (\$91.71 x 10 hrs. = \$917.10)

These activities were all undertaken as a result of the implementation of Assembly Bill 1794 – Statutes 2016, Chapter 401, which resulted in increased cost for staff member Joseph Legaspi for fiscal year 2016 – 2017. Had it not been for this legislation, these activities and their corresponding expenditure would not have been incurred by the District.

I declare, under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct.

Executed this 6th day of November, 2017 at Commerce, California.



Joseph Legaspi
Director of External Affairs
Central Basin Water District



Section 5. (A) 1.

TAHITI CABINETS, INC.

5419 E. La Palma Avenue
 Anaheim, CA 92807

Voice: (714) 693-0618

Fax: (714) 693-8879

INVOICE

Invoice Number: 3-18726

Invoice Date: Mar 7, 2017

Page: 1

Duplicate

Bill To:

CENTRAL BASIN WATER DISTRICT
 6252 TELEGRAPH RD.
 COMMERCE, CA 90040

Ship to:

CENTRAL BASIN WATER DISTRICT
 6252 TELEGRAPH RD.
 COMMERCE, CA 90040

| Customer ID | Customer PO | Payment Terms | |
|--------------|-----------------|---------------|----------|
| CEN001 | 2017-27 | Net 30 Days | |
| Sales Rep ID | Shipping Method | Ship Date | Due Date |
| | Courier | | 4/6/17 |

| Quantity | Item | Description | Unit Price | Amount |
|--|------|--------------------------------------|------------|------------------|
| 1.00 | C 17 | FURNISH & INSTALL CUSTOM MILLWORK | 24,877.54 | 24,877.54 |
| <p style="text-align: center;">INVOICE AUTHORIZED</p> <p>Dept. Manager _____</p> <p>Project Manager _____</p> <p>P.O. No. <u>2017-423</u> closed <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Contract No. <u>2017-27</u></p> <p>Project No. <u>6002 - 300</u></p> <p><u>1-80-800.80103</u> /</p> | | | | |
| Subtotal | | | | 24,877.54 |
| Sales Tax | | | | |
| Total Invoice Amount | | | | 24,877.54 |
| Payment/Credit Applied | | | | |
| TOTAL | | | | 24,877.54 |

Warning

Drilling, sawing, sanding or machining wood products generates wood dust,
 a substance known to the State of California to cause cancer.

Avoid inhaling wood dust or use a dust mask or other safeguards for
 personal protection.

California Health and Safety Code Section 25249.6

Check/Credit Memo No:

TAHITI CABINETS, INC.

5419 E. La Palma Avenue
 Anaheim, CA 92807

INVOICE

Invoice Number: 6-18974
 Invoice Date: Jun 20, 2017
 Page: 1

Duplicate

Voice: (714) 693-0618
 Fax: (714) 693-8879

| |
|--|
| Bill To: |
| CENTRAL BASIN WATER DISTRICT 6252 TELEGRAPH RD. COMMERCE, CA 90040 |

| |
|--|
| Ship to: |
| CENTRAL BASIN WATER DISTRICT 6252 TELEGRAPH RD. COMMERCE, CA 90040 |

| Customer ID | Customer PO | Payment Terms | |
|--------------|-----------------|---------------|----------|
| CEN001 | | Net 30 Days | |
| Sales Rep ID | Shipping Method | Ship Date | Due Date |
| | Courier | | 7/20/17 |

| Quantity | Item | Description | Unit Price | Amount |
|--|------|--|------------|--------|
| 1.00 | C 15 | CHANGE ORDER # 1 ADD 3 TALL BLACK PL LEGS TO UNDERSIDE OF COUNTERTOP | 485.00 | 485.00 |
| <p style="text-align: center;">INVOICE AUTHORIZED</p> <p>Dept. Manager <u> </u></p> <p>Project Manager <u> </u></p> <p>P.O. No. <u>2017-566</u> closed <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Contract No. <u> </u></p> <p>Project No. <u> </u></p> | | | | |

| | |
|------------------------|---------------|
| Subtotal | 485.00 |
| Sales Tax | |
| Total Invoice Amount | 485.00 |
| Payment/Credit Applied | |
| TOTAL | 485.00 |

Check/Credit Memo No:

[illegible]

03/02/17
Only pay \$1,625
as initial deposit.
DO NOT CLOSE THE PO.
Vendor will pick-up the check
tomorrow 03/03/17.
Thanks Sherrin

GL: 1-80-800.80103-capital outlay.
building
Improvement

365982

Invoice

| | | | | |
|--|---------|--------------------------------|--------|--------------------|
| Central Basin | | SHIP TO Diebert handy serv. | | VIA |
| ADDRESS 6252 telegraph Rd | | ADDRESS | | |
| CITY, STATE, ZIP Commerce Ca. 90040 | | CITY, STATE, ZIP | | |
| CUSTOMER ORDER NO. | SOLD BY | TERMS | F.O.B. | DATE 04/12/2017 |

Final Payment for Dias
Platform Project - Per Contract.

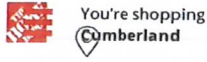
4-12-17

JB 1,625⁰⁰

INVOICE AUTHORIZED

Dept. Manager [Signature]
Project Manager [Signature]
P.O. No. 2017-381 closed ☒ Yes ☐ No
Contract No. _____
Project No. _____

[Signature]



Search

My Account

Cart | 0 items

Thousands of Items Available for Buy Online and Pick Up in Store.

In-Store eReceipt Details

Purchase Date: 02/18/17
PO / Job Code: -----

Purchase Number: 0654-00056-01058
View Receipt

Units In Purchase: 29
Purchase Total: \$290.82



Husky 8 oz. Air Tool Oil

Unit Price: \$2.28
Quantity Purchased: 1
Item Total: \$2.28

Model # HDA10800AV
Internet # 100047286
Store SKU # 383732

Purchase Date:
02/18/17

Store Details:
Commerce # 0654
7015 E TELEGRAPH RD
COMMERCE, CA 90040
(323)727-9600



Diablo 7-1/4 in. x 60-Tooth Fine Finish Saw Blade

Unit Price: \$19.97
Quantity Purchased: 1
Item Total: \$19.97

Model # D0760R
Internet # 100627136
Store SKU # 618952



HDX 60:25 Caulk Gun

Unit Price: \$2.77
Quantity Purchased: 1
Item Total: \$2.77

Model # HD109
Internet # 202036529
Store SKU # 449032



Unbranded T&G Oriented Strand Board (Common: 23/32 in. x 4 ft. x 8 ft.; Actual: 0.703 in. x 47.75 in. x 95.75 in.)

Unit Price: \$20.28
Quantity Purchased: 5
Item Total: \$101.40

Model # 920924
Internet # 100054132
Store SKU # 920924



CA LBR FEE

Unit Price: \$0.20
Quantity Purchased: 5
Item Total: \$1.00

Model #
Internet #
Store SKU # 999735



Unbranded 2 in. x 6 in. x 10 ft. Hem-Fir Brown Stain Ground Contact Pressure-Treated Lumber (Actual: 1.5 in. x 5.5 in. x 120 in.)

Unit Price: \$9.17
Quantity Purchased: 12
Item Total: \$110.04

Model # 17464-10
Internet # 206949859
Store SKU # 1001765242



1

Parking Lot Service

Robert Felix
 robertfelix22@yahoo.com
 714.401.1852

Dept. Manager [Signature]
 Project Manager [Signature]
 P.O. No. 2017-429 closed ☒ Yes ☐ No
 Contract No. 6002-300
 Project No. 1-80-800-80103

INVOICE NO. 1115 Invoice
 INVOICE DATE 3/18/17
 CUSTOMER ORDER NUMBER

| SOLD TO: | | SHIP TO: | | |
|-------------------|-------------|---------------------|--------|-------------------|
| Central Basin | | Commerce | | |
| 6252 Terrace Rd | | | | |
| Commerce CA 90040 | | | | |
| SALESPERSON | SHIPPED VIA | TERMS | F.O.B. | |
| Robert Felix | | | | |
| QTY ORDERED | QTY SHIPPED | DESCRIPTION | UNIT | AMOUNT |
| (9) | | REPLACE STENCIL | | |
| | | REMOVE OLD STENCIL | | |
| | | AND PUT NEW STENCIL | | |
| | | ON FENCE | | |
| | | 9x 150x 9= | 1,350 | 1,350 |
| | | STENCIL base box | + 150 | |
| | | STENCIL RESURF | + 150 | |
| | | | | <u>\$1,500.00</u> |

A-NC2872-NC3872/T-3813

11-12

carbonless invoice

NC2872 - 2-part • NC3872 & 3813 - 3-part

Robert Felix

Parking Lot Service

robertfelix22@yahoo.com
 714 401 1862

INVOICE AUTHORIZED

Invoice

Dept. Manager 1112
 Project Manager 1112
 P.O. No. 2017-403 Invoiced Yes No
 Contract No. 6002-30 DATE 3/6/17
 Project No. 6002-30 CUSTOMER ORDER NUMBER

SHIP TO: 1-80-800-80103

SOLD TO: Central Basin
6252 Tuccuman
Connecte CA 90040

SALESPERSON Robert Felix TERMS 1-714-401-1862 F.O.B.

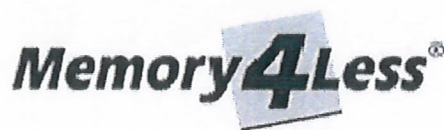
| QTY ORDERED | QTY SHIPPED | DESCRIPTION | UNIT | AMOUNT |
|-------------|-------------|----------------------------|------|-------------|
| | | Clear out Handicap parking | | |
| | | STANDS, AND MOVE | | |
| | | TO OTHER AREA | | |
| | | REPAIR PARKING LOT. | | |
| | | INSTALL / REPLACE | | |
| | | 4th window doors | | |
| | | | | \$ 1,600.00 |

A-NC2872-NC3872/F-3813

11-12

Albert Plimpton

From: sales@memory4less.com
Sent: Wednesday, March 8, 2017 4:10 PM
To: Albert Plimpton
Subject: Thank you for your order 409132, your order has been processed



Memory CPUs Mother Boards Hard Drives

1504 W. Commonwealth Ave, Suite B, Fullerton CA 92833
 (800) 821-3354 fax (714) 821-3361
 www.Memory4Less.com

Invoice

| Date | Invoice No |
|--------------|------------|
| 3/7/2017 | 5409132 |
| Order Ref No | |
| M578TW83 | |

INVOICE - CUSTOMER COPY

Sold To

ATTN: Albert Plimpton
 Central Basin MWD
 6252 Telegraph Road
 Commerce, CA 90040, United States

Ship To

ATTN: Albert Plimpton
 Central Basin MWD
 6252 Telegraph Road
 Commerce, CA 90040, United States

Email: Albertp@centralbasin.org
 Phone: (323) 201-5575
 Cust ID: 886868

| SalesRep. | Terms | Ship Via | CC No. | | | |
|------------------------------|---------|--|---------------------|-----------|----------|----------|
| | Visa | Ground (3-7 day transit time US only) | xxxx-xxxx-xxxx-8673 | | | |
| Ordered | Shipped | Description | ManuNumber | Unit | Price | Amount |
| 3 | 3 | Viewsonic 15-inch (1024x768) LCD Flat Panel Display PC and Mac Compatible (Black) (Refurbished) Mfr P/N VA503B | VA503B | 3 | \$163.48 | \$490.44 |
| Thank you for your patronage | | | | Sub Total | | \$490.44 |
| | | | | Tax | | \$38.01 |
| | | | | Shipping | | \$85.00 |
| | | | | Total | | \$613.45 |

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1-800-800-86103

6002-300

*****CUSTOMER COPY*****

60-SAM ASH PUENTE HILLS, CA
STORE MNG LANE CAMPBELL
18031 GALE AVENUE
CITY OF INDUSTRY CA 91748
626-839-8177

See Terms and Conditions On Other Side.

SLSP:RALPH CENICEROS

FINALIZED - MDSE TAKEN

INV#:0319760YITK

ORDER STATUS F 2:57 PM 03/19/17

CUSTOMER CODE:2682396775

CUSTOMER NAME:

ALBERT PLIMPTON

| QTY | MSRP | OUR PRC | EXT PRC |
|-----|------|---------|---------|
|-----|------|---------|---------|

| | | | |
|------|--------|--------|--------|
| 1.00 | 294.99 | 139.99 | 139.99 |
|------|--------|--------|--------|

SKU:SMXP144XX

ITEM: SAMXP144 , SAMSON

[DM]COMP 12CH MXR 16 INPUT

| | | | |
|------|-----|-------|-------|
| 1.00 | .00 | 43.99 | 43.99 |
|------|-----|-------|-------|

SKU:XS2RE300X

ITEM: SAM ASH

2 YEAR REPLACEMENT UNDER 300

| | | | |
|------|-------|-------|--------|
| 3.00 | 50.99 | 38.99 | 116.97 |
|------|-------|-------|--------|

SKU:HSM25XXXX

ITEM: SARM5-25 , HORIZON

MIC CABLE 25'

| | | | |
|------|-------|-------|-------|
| 2.00 | 50.99 | 38.99 | 77.98 |
|------|-------|-------|-------|

SKU:HSM25XXXX

ITEM: SARM5-25 , HORIZON

MIC CABLE 25'

| | | | |
|------|-------|-------|-------|
| 1.00 | 36.99 | 27.99 | 27.99 |
|------|-------|-------|-------|

SKU:HSM5XXXXX

ITEM: SARM5-5 , HORIZON

MIC CABLE 5'

| | | | |
|------|-------|-------|-------|
| 1.00 | 35.99 | 26.99 | 26.99 |
|------|-------|-------|-------|

SKU:HYMF2XXXX

ITEM: SAHYM-F-2 HORIZON

HYMF2NK XLR-Y 1MX/2FX

| | | | |
|------|------|-----|-----|
| 1.00 | 1.00 | .00 | .00 |
|------|------|-----|-----|

SKU:GIFTCARDX

ITEM: SAM ASH GIFT CARD

SAM ASH GIFT CARD

TCR USED: .00
SUBTOTAL: 433.91
SETUP: .00
DELIVERY: .00
TAX: 34.12

TOTAL: 468.03

603 XXXXXXXXXXXX8673 VI 468.03
454110

AMOUNT TEND. REQ: 468.03

CHANGE DUE: .00

BALANCE DUE: .00

SALE

TERMINAL ID 40818413

RESP CD A

INVOICE 0002177015

ENTRY METHOD CHIP

APPROVED 454110

DATE/TIME 03/19/2017 14:58:31

CARD TYPE Visa

CARD # XXXXXXXXXXXX8673

Visa Credit

ATC 0010

ARQC F02C9CA0F54825BC

AID A0000000031010

TVR 8080008000

TSI 6800

AMOUNT USD \$468.03

I AGREE TO PAY ABOVE TOTAL
AMOUNT ACCORDING TO CARD
ISSUER AGREEMENT (MERCHANT
AGREEMENT IF CREDIT VOUCHER)

PLIMPTON/ALBERT

CUSTOMER COPY

PLEASE SEE REVERSE SIDE FOR REFUND AND
EXCHANGE POLICIES.
THANK YOU FOR SHOPPING AT SAM ASH MUSIC
Serving Musicians "Since 1924"!!!!
For store locations visit our website
WWW.SAMASHMUSIC.COM

*****CUSTOMER COPY*****



Invoice# 0319760YITK



Final Details for Order #116-3950520-3285053

Print this page for your records.

Order Placed: March 15, 2017

Amazon.com order number: 116-3950520-3285053

Order Total: \$14.98

Shipped on March 15, 2017

Items Ordered

1 of: *Assurant 4-Year PC Peripheral Protection Plan (\$50-\$74.99)*

Price

\$14.98

Sold by: Assurant ([seller profile](#))

Condition: New

Shipping Address:

Albert Plimpton
6252 TELEGRAPH RD
COMMERCE, CA 90040-2512
United States

Item(s) Subtotal: \$14.98

Shipping & Handling: \$0.00

Total before tax: \$14.98

Sales Tax: \$0.00

Shipping Speed:

Standard Shipping

Total for This Shipment: \$14.98

Payment information

Payment Method:

Visa | Last digits: 8673

Item(s) Subtotal: \$14.98

Shipping & Handling: \$0.00

Total before tax: \$14.98

Estimated tax to be collected: \$0.00

Billing address

Albert Plimpton
6252 TELEGRAPH RD
COMMERCE, CA 90040-2512
United States

Grand Total: \$14.98 ✓

Credit Card transactions

Visa ending in 8673: March 15, 2017: \$14.98

To view the status of your order, return to [Order Summary](#).

[Conditions of Use](#) | [Privacy Notice](#) © 1996-2017, Amazon.com, Inc. or its affiliates



Final Details for Order #116-3700588-1816211

Print this page for your records.

Order Placed: March 15, 2017
Amazon.com order number: 116-3700588-1816211
Order Total: \$122.72

Shipped on March 17, 2017

| Items Ordered | Price |
|---|--|
| 1 of: <i>Importer520 HD15 Male to Male VGA Video Cable for TV Computer Monitor (50 Ft, Blue Connector)</i> Sold by: EPICDEALZ (seller profile) | \$14.95 |
| Condition: New | |
| Shipping Address: Albert Plimpton 6252 TELEGRAPH RD COMMERCE, CA 90040-2512 United States | Item(s) Subtotal: \$14.95 Shipping & Handling: \$0.00 ----- Total before tax: \$14.95 Sales Tax: \$0.00 ----- |
| Shipping Speed: Two-Day Shipping | Total for This Shipment: \$14.95 ----- |

Shipped on March 19, 2017

| Items Ordered | Price |
|--|--|
| 1 of: <i>ConnectPRO VSE-105A 5-Port Video/Audio Distribution Amplifier</i> Sold by: Amazon.com LLC | \$57.59 |
| Condition: New | |
| Shipping Address: Albert Plimpton 6252 TELEGRAPH RD COMMERCE, CA 90040-2512 United States | Item(s) Subtotal: \$57.59 Shipping & Handling: \$0.00 ----- Total before tax: \$57.59 Sales Tax: \$5.33 ----- |
| Shipping Speed: Two-Day Shipping | Total for This Shipment: \$62.92 ----- |

Shipped on March 19, 2017

| Items Ordered | Price |
|--|---------|
| 3 of: <i>Importer520 HD15 Male to Male VGA Video Cable for TV Computer Monitor (50 Ft, Blue Connector)</i> | \$14.95 |

Sold by: EPICDEALZ ([seller profile](#))

Condition: New

Shipping Address:

Albert Plimpton
6252 TELEGRAPH RD
COMMERCE, CA 90040-2512
United States

Item(s) Subtotal: \$44.85
Shipping & Handling: \$0.00

Total before tax: \$44.85
Sales Tax: \$0.00

Shipping Speed:

Two-Day Shipping

Total for This Shipment: \$44.85

Payment information

Payment Method:

Visa | Last digits: 8673

Item(s) Subtotal: \$117.39
Shipping & Handling: \$0.00

Billing address

Albert Plimpton
6252 TELEGRAPH RD
COMMERCE, CA 90040-2512
United States

Total before tax: \$117.39
Estimated tax to be collected: \$5.33

Grand Total: \$122.72 ✓

Credit Card transactions

Visa ending in 8673: March 19, 2017: \$14.95
Visa ending in 8673: March 19, 2017: \$62.92
Visa ending in 8673: March 19, 2017: \$44.85

To view the status of your order, return to [Order Summary](#).

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FRY'S ELECTRONICS
 Store #28 - City of Industry
 13401 Crossroads Parkway North
 City of Industry, CA 91746
 PHONE: (562) 463-2400
 FAX: (562) 463-2418

REPRINT INVOICE

INVOICE #: 17056516
CUSTOMER #: 0
REGISTER #: 17
PAGE #: 1
Tarrosa, Johanna L. 76130
Thu Mar 23 09:48:22 2017

BEAR: E79423

| LINE | PRODUCT CODE | PLU | ITEM DESCRIPTION | Unit Price | Adjustments | Net Price | Quantity | Ext Price | SALES ASSOCIATE(S) |
|------|--------------|---------|---|------------|-------------|-----------|----------|-----------|--------------------|
| 1 | 881317000897 | 3975408 | Iogear GCS632U 2p USB Iogear GCS632U 2p USB 2-Port USB KVM w/ Audio | 34.99 | 0.00 | 34.99 | 1 | 34.99 | |
| | | | GCS632U | | | | | | |
| 2 | 881317504722 | 6155779 | Iogear 8-P VGA Splitter Iogear 8-P VGA Splitter 1920x1440res/300mhz VGA/SVGA/XVGA/USXGA GV578 | 59.99 | 0.00 | 59.99 | 1 | 59.99 | |
| 3 | 715860001592 | 4995671 | G05-302SL HD15 F/F G05-302SL HD15 F/F GENDER CHANGER HD15 FEM. TO HD15 FEM. G05-302SL | 4.99 | 0.00 | 4.99 | 2 | 9.98 | |

Invoice Subtotal: 104.96
 Sales Tax @ 8.750%: 9.18

INVOICE TOTAL:

VISA:

ITEM COUNT: 4

I AGREE TO PAY THIS TOTAL AMOUNT
 ACCORDING TO CARD ISSUER AGREEMENT.

Acct: xxxxxxxxxxxxxxx8673 Chip
 Holder: PLIMPTON/ALBERT
 926878 16000913
 Merchant: F303 M2
 AID: A0000000031010
 TVR: 8080000000
 IAD: 06010A03600000
 TSI: 6800
 ARC: 00
 CVM: 580000

X PLIMPTON/ALBERT Signature

REPRINT by 3790, Coon, Michael R. Div:99 REPRINT

- Continued on Next Page -



Store #: 28 Reg: 14 Marroquin, Mark A.
13401 Crossroads Parkway North 179440
City of Industry, CA 91746 BEAR:E79423
PHN:(562) 463-2400 FAX:(562) 463-2418
Inv. Date - Sun Apr 23 16:08:28 2017



INVOICE# : 17104859

MERCHANT: 174181921993 F303 M3
XXXXXXXXXXXX8673 VISA
PLIMPTON/ALBERT
SALE: \$482.81 302651 23008904
Chip Read
Mode: Issuer
Visa Credit
AID: A0000000031010
TVR: 8080008000
IAD: 06010A03600000
TSI: 6800
ARC: 00
CVM: 5E0000

8242416 SUMAR SM-W1000 1 @ 14.99
SUMAR SM-W1000M2650F D5 T
FIXED WALL MOUNT
SUPPORTS 26"-50"
SUPPORTS UPTO 66LBS
UPC: 810095022173

8979473 WD My PP 4TB-Y 1 @ 119.00
WD My PP 4TB-Yellow D1 T
USB 3.0 Portable HDD
New Design-Yellow
WDBYFT0040BYL-WESN
UPC: 718037849539

9072807 NuGiant Surge 1 @ 9.99
NuGiant Surge Protector D7 T
12 Outlet
4480 Joules
Fireproof X3 MOV
UPC: 857601002441

8656500 Sanus DLF115-B 2 @ 149.99
Sanus DLF115-B1 D5 T
Full-Motion TV Mount
Supports 40"-70" TVs
Supports up to 100 lbs.
UPC: 793795530103

SUBTOTAL 443.96
SALES TAX @ 8.750% 38.85
TOTAL DUE 482.81

VISA XXXXXXXXXXXX8673 482.81

TOTAL TENDER 482.81
CHANGE DUE 0.00

ITEM COUNT 5

INV#: 17104859 Sun Apr 23 16:08:28 2017

We Value Your Feedback!

If you have any comments or concerns
about your purchase today,
please call us during store hours
at the phone number below:
(562) 463-2400
or email us at the email address below:

frys28@i.frys.com
Mgr. Gary Aboulabodian

Please include your name, phone number,
email address, Invoice #17104859,
and a brief description of
your comment and you will be contacted
within 24 hours.

Would you like to receive Fry's
Weekly Specials emails? Just visit
<http://www.frys.com/signmeup>
to subscribe.

THANK YOU FOR CHOOSING FRY'S ELECTRONICS
see frys.com/returns for return policy

Let www.frys.com/deals be Your
In-Store and Online Savings Guide!



Cecilia Pulido

Subject:

FW: Your B&H Order #1043903004 Is Confirmed. Thank You!

From: B&H Photo Customer Service [mailto:ord-status@bhphotovideo.com]

Sent: Tuesday, March 7, 2017 1:37 PM

To: Albert Plimpton <Albertp@centralbasin.org>

Subject: Your B&H Order #1043903004 Is Confirmed. Thank You!

GL: 1-80-800.80103 - Capital outlay.
project #: 6002 - 300.



Order Confirmation

Thank You For Your Order

We'll email you with tracking information when your items ship

Order # 1043903004

Ship / Bill To

Central Basin
6252 Telegraph Rd
Commerce, CA 90040
USA
(323) 201-5575

Paid With

****4024 \$1,754.05

Signature may be required upon delivery

Expedited Delivery Estimated Delivery: Mon, Mar 13 By End Of Day



**Shure A400SM - Recessed Shock Mount for
Gooseneck Mics**

\$102.45

SHA400SM

In Stock QTY: 5 Price: \$20.49



**Shure Foam Mic Windscreen for Gooseneck
Mics**

\$26.60

SHA99WS

In Stock QTY: 5 Price: \$5.32



Shure R183B - Replacement Cartridge

\$185.00

SHR183B

In Stock QTY: 5 Price: \$37.00



**Shure MX412DC - 12" Desk-Top Cardioid
Gooseneck Microphone**

\$1,440.00

SHMX412DC

In Stock QTY: 5 Price: \$288.00

| | |
|--------------|-------------------|
| Subtotal | \$1,754.05 |
| Shipping | \$0.00 |
| Tax | \$0.00 |
| Total | \$1,754.05 |

M & M THREE MARBLE INC.
 LIC.# 930404
 P.O. BOX 829 -SAN FERNANDO CA 91341

Invoice No. **5147**

INVOICE

Customer

Name **CENTRAL BASIN MUNICIPAL WATER DISTRICT**
 Address **6252 TELEGRAPH ROAD**
 City **COMMERCE** State **CA** ZIP **90040**
 Phone **(323)201-5500** Fax **(323)201-5554**

Misc

Date **3/20/2017**
 Order No.
 Rep **Sharon Kumar**
 FOB

| Qty | Description | Unit Price | TOTAL |
|--------------------|--|-------------|-------------|
| | Stonework - Job: Central Water District Job site: 6252 Telegraph Road, Commerce, CA 90040 | | |
| 1 | Fabrication and Installation with Black Galaxy Granite Wall cap @ 342" L x 5" D with 1-1/2" finished ends | \$ 2,760.00 | \$ 2,760.00 |
| 2 | Wall caps @ 73" L x 5" D with 1-1/2" finished ends | \$ 512.50 | \$ 1,025.00 |
| TERMS- Net 30 Days | | | |

Payment

Select One...

Comments

Name

CC #

Expires

Tax Rate(s)

| | |
|----------|-------------|
| SubTotal | \$ 3,785.00 |
| Shipping | |
| TOTAL | \$ 3,785.00 |

Office Use Only

Cell (818) 822-2816 - (818)618-4264 Fax # (818)403-6813
 Email: Lucia@mandm3marble.com

Thank You, We appreciate Your business

INVOICE AUTHORIZED

Dept. Manager

Project Manager

P.O. No. **2017-424** closed ☒ Yes ☐ No

Contract No.

Project No. **6002-300**

1-80-800.80103

Section 5. (A) 2.

AB 1794 Implementation - Description of Hours Worked

| | | |
|-----------|-----------|--|
| 1/10/2017 | 1.5 hours | Discussion of potential designs for Board room Dais / Drawing discussion with Dan Delglize |
|-----------|-----------|--|



Central Basin
Municipal Water District

I certify that the aforementioned is true and accurate.

X



Central Basin Municipal Water District

Employee Timesheet Report

Pay Date Range 01/02/17 - 01/15/17

Employee 304 - Plimpton, Albert

Department 60 - IT and Building Department

Work Date Hours Code

| | | |
|------------|-----------------------------|--------|
| 01/02/2017 | HOL DIST - Holiday District | 8.0000 |
| 01/03/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/04/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/05/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/06/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/09/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/10/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/11/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/12/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/13/2017 | REG FT - Regular Full Time | 8.0000 |

Pay Period Totals

| Hours Code | Hours |
|-----------------------------|---------|
| HOL DIST - Holiday District | 8.0000 |
| REG FT - Regular Full Time | 72.0000 |
| Total Hours | 80.0000 |

Job Title 60-210-01 - Director of Technology
Hours Shift Code

Approver 305 - Williams, Peggy

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|-----------------------|-----------|------------------------|---------------------------------|----------|
| 1/12/2017 12:29:42 PM | Uploaded | pwilliams | 60 - IT and Building Department | |
| 1/11/2017 4:47:35 PM | Approved | 349 - Hunt, Kevin | 60 - IT and Building Department | |
| 1/10/2017 3:47:58 PM | Submitted | 304 - Plimpton, Albert | 60 - IT and Building Department | |

Employee Signature

Albert

Approver Signature

PW

AB 1794 Implementation - Description of Hours Worked

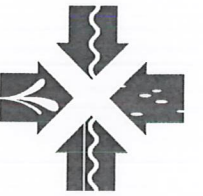
| Date | Hours | Description |
|--------------|-----------|---|
| 1/14/2017 | 1.5 hours | Design, review, and corrections to design drawings for CB Boardroom / Drawing reviews with Pawel Buczek |
| 1/15/2017 | 1.5 hours | Design, review, and corrections to design drawings for CB Boardroom / Drawing reviews with Pawel Buczek |
| 1/16/2017 | 1 hour | Design, review, and corrections to design drawings for CB Boardroom / Drawing reviews with Pawel Buczek |
| 1/25-27/2017 | 3.5 hours | Discussions and review with General Manager |



Central Basin
Municipal Water District

I certify that the aforementioned is true and accurate.

X



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 01/16/17 - 01/29/17

Employee 304 - Plimpton, Albert

Department 60 - IT and Building Department

Work Date Hours Code

01/16/2017 HOL DIST - Holiday District 8.0000
01/17/2017 REG FT - Regular Full Time 8.0000
01/18/2017 REG FT - Regular Full Time 8.0000
01/19/2017 REG FT - Regular Full Time 8.0000
01/20/2017 REG FT - Regular Full Time 8.0000
01/23/2017 REG FT - Regular Full Time 8.0000
01/24/2017 SK PAY - Sick Paid 8.0000
01/25/2017 REG FT - Regular Full Time 8.0000
01/26/2017 REG FT - Regular Full Time 8.0000
01/27/2017 REG FT - Regular Full Time 8.0000

Job Title 60-210-01 - Director of Technology

Hours

Approver 305 - Williams, Peggy

Shift Code

includes 1/14 + 1/15

Pay Period Totals

| Hours Code | Hours |
|-----------------------------|---------|
| HOL DIST - Holiday District | 8.0000 |
| REG FT - Regular Full Time | 64.0000 |
| SK PAY - Sick Paid | 8.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|----------------------|-----------|------------------------|---------------------------------|----------|
| 1/27/2017 7:50:00 AM | Uploaded | pwilliams | 60 - IT and Building Department | |
| 1/26/2017 9:57:24 AM | Approved | 349 - Hunt, Kevin | 60 - IT and Building Department | |
| 1/25/2017 3:11:05 PM | Submitted | 304 - Plimpton, Albert | 60 - IT and Building Department | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------|-----------|---|
| | | |
| 1/30/2017 | 1.5 hours | Onsite visit, review of quote, discussion / Onsite visit and review of quote - Tahiti Cabinets Jeff Larsen |
| 1/31 - 2/10 | 4.5 | Discussions/Review/Walk throughs with General Manager |
| 2/1-7/2017 | 12 hours | Contract review, legal changes, Granite Quote - Tahiti Cabinets / Contract review and discussions with Tahiti Cabinets - Granite Quote, Modifications to Dais |



Central Basin
Municipal Water District

I certify that the aforementioned is true and accurate.

X

Albert



Central Basin Municipal Water District

Employee Timesheet Report

Pay Date Range 01/30/17 - 02/12/17

Employee

304 - Plimpton, Albert

Department 60 - IT and Building Department

Work Date Hours Code

Job Title 60-210-01 - Director of Technology

Shift Code

Approver 305 - Williams, Peggy

Hours

01/30/2017 REG FT - Regular Full Time 8.0000
01/31/2017 REG FT - Regular Full Time 8.0000
02/01/2017 REG FT - Regular Full Time 8.0000
02/02/2017 REG FT - Regular Full Time 8.0000
02/03/2017 REG FT - Regular Full Time 8.0000
02/06/2017 REG FT - Regular Full Time 8.0000
02/07/2017 REG FT - Regular Full Time 8.0000
02/08/2017 REG FT - Regular Full Time 8.0000
02/09/2017 REG FT - Regular Full Time 8.0000
02/10/2017 REG FT - Regular Full Time 8.0000

Pay Period Totals

Hours Code

REG FT - Regular Full Time

Total Hours

80.0000
80.0000

Pay Period History

Changed On

Status

Made By

Department

Comments

2/9/2017 5:47:29 PM
2/8/2017 10:52:39 AM
2/7/2017 12:41:32 PM

Uploaded
Approved
Submitted

60 - IT and Building
Department
60 - IT and Building
Department
304 - Plimpton, Albert
Department

60 - IT and Building
Department
60 - IT and Building
Department

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-----------|---------|--|
| 2/21/2017 | 3 hours | Contract review, legal changes, Granite Quote - Tahiti Cabinets / Tahiti Cabinets Visit, Collect Additional Data |



I certify that the aforementioned is true and accurate.

X

Albert R



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 02/13/17 - 02/26/17

Employee 304 - Plimpton, Albert

Department 60 - IT and Building Department

Work Date Hours Code

| | | |
|------------|-----------------------------|--------|
| 02/13/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/14/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/15/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/16/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/17/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/20/2017 | HOL DIST - Holiday District | 8.0000 |
| 02/21/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/22/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/23/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/24/2017 | REG FT - Regular Full Time | 8.0000 |

Job Title 60-210-01 - Director of Technology
Hours
Shift Code

Approver 305 - Williams, Peggy

Pay Period Totals

| Hours Code | Hours |
|-----------------------------|---------|
| HOL DIST - Holiday District | 8.0000 |
| REG FT - Regular Full Time | 72.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|----------------------|-----------|------------------------|---------------------------------|----------|
| 2/24/2017 8:33:49 AM | Uploaded | pwilliams | 60 - IT and Building Department | |
| 2/22/2017 2:48:55 PM | Approved | 349 - Hunt, Kevin | 60 - IT and Building Department | |
| 2/22/2017 1:55:31 PM | Submitted | 304 - Plimpton, Albert | 60 - IT and Building Department | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------------------|-----------|--|
| | | |
| | | |
| 2/27-28/2017 & 3/1/2017 | 16 hours | Manage and assists with platform creation, electrical additions, dais construction, AV wiring / Tahiti Installation, Diebert Installation, Management of Construction |
| 3/3/2017 | 3.5 hours | Installation of Marble |
| 3/3 - 3/7 | 2hrs | Project Close out and review with General Manager |
| 3/10,11,12,13/2017 | 24 hours | Installation of new AV materials, wiring modifications, add VGA ports and wiring, Microphoen installs / AV additiions, wiring mods, addition of new VGA ports, Mic installs, Testing |

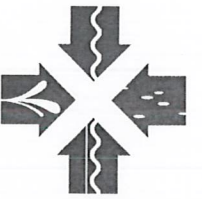


Central Basin
Municipal Water District

I certify that the aforementioned is true and accurate.

X

Albany



Central Basin Municipal Water District

Employee Timesheet Report

Pay Date Range 02/27/17 - 03/12/17

Employee 304 - Plimpton, Albert

Department 60 - IT and Building Department

Work Date Hours Code

02/27/2017 REG FT - Regular Full Time 8.0000
02/28/2017 REG FT - Regular Full Time 8.0000
03/01/2017 REG FT - Regular Full Time 4.0000
03/01/2017 SK PAY - Sick Paid 4.0000
03/02/2017 REG FT - Regular Full Time 8.0000
03/03/2017 REG FT - Regular Full Time 4.0000
03/04/2017 REG FT - Regular Full Time 4.0000
03/06/2017 REG FT - Regular Full Time 8.0000
03/07/2017 REG FT - Regular Full Time 8.0000
03/08/2017 REG FT - Regular Full Time 8.0000
03/09/2017 REG FT - Regular Full Time 8.0000
03/10/2017 VAC PAY - Vacation Paid 8.0000

Job Title 60-210-01 - Director of Technology
Shift Code

Approver 305 - Williams, Peggy

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|----------------------|---------------------|------------------------|---------------------------------|----------|
| 3/9/2017 4:25:43 PM | Uploaded | pwilliams | 60 - IT and Building Department | |
| 3/7/2017 12:59:04 PM | Approved | 349 - Hunt, Kevin | 60 - IT and Building Department | |
| 3/7/2017 11:03:20 AM | Submitted | 304 - Plimpton, Albert | 60 - IT and Building Department | |
| 3/7/2017 10:59:46 AM | Submission Recalled | 304 - Plimpton, Albert | 60 - IT and Building Department | |
| 3/7/2017 10:54:23 AM | Submitted | 304 - Plimpton, Albert | 60 - IT and Building Department | |

Pay Period Totals

| Hours Code | Hours |
|----------------------------|----------------|
| REG FT - Regular Full Time | 68.0000 |
| SK PAY - Sick Paid | 4.0000 |
| VAC PAY - Vacation Paid | 8.0000 |
| Total Hours | 80.0000 |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

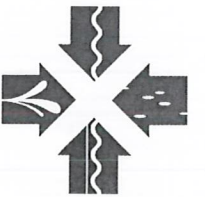
| Date | Hours | Description |
|--------------------|----------|--|
| 3/10,11,12,13/2017 | 24 hours | Installation of new AV materials, wiring modifications, add VGA ports and wiring, Microphoen installs / AV additiions, wiring mods, addition of new VGA ports, Mic installs, Testing |



I certify that the aforementioned is true and accurate.

X

[Handwritten Signature]



Central Basin Municipal Water District

Employee Timesheet Report

Pay Date Range 03/13/17 - 03/26/17

Employee 304 - Plimpton, Albert
Department 60 - IT and Building Department

Work Date Hours Code

03/13/2017 REG FT - Regular Full Time
03/14/2017 REG FT - Regular Full Time
03/15/2017 REG FT - Regular Full Time
03/16/2017 REG FT - Regular Full Time
03/17/2017 REG FT - Regular Full Time
03/18/2017 REG FT - Regular Full Time
03/20/2017 REG FT - Regular Full Time
03/21/2017 REG FT - Regular Full Time
03/22/2017 REG FT - Regular Full Time
03/23/2017 REG FT - Regular Full Time
03/24/2017 REG FT - Regular Full Time

Job Title 60-210-01 - Director of Technology
Hours
Shift Code

305 - Williams, Peggy

| Pay Period Totals | |
|----------------------------|---------|
| Hours Code | Hours |
| REG FT - Regular Full Time | 80.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|----------------------|---------------------|------------------------|---------------------------------|----------|
| 3/23/2017 2:16:23 PM | Uploaded | pwilliams | 60 - IT and Building Department | |
| 3/23/2017 1:12:22 PM | Approved | 349 - Hunt, Kevin | 60 - IT and Building Department | |
| 3/22/2017 8:19:53 PM | Submitted | 304 - Plimpton, Albert | 60 - IT and Building Department | |
| 3/22/2017 8:19:27 PM | Submission Recalled | 304 - Plimpton, Albert | 60 - IT and Building Department | |
| 3/22/2017 8:19:13 PM | Submitted | 304 - Plimpton, Albert | 60 - IT and Building Department | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|----------|---------|---|
| 6/7/2017 | 6 hours | Installed brace legs to help keep dais from sagging |



Central Basin
 Municipal Water District

I certify that the aforementioned is true and accurate.

X

[Handwritten signature]



Central Basin Municipal Water District

Employee Timesheet Report

Pay Date Range 06/05/17 - 06/18/17

Employee 304 - Plimpton, Albert

Department 60 - IT and Building Department

Approver 305 - Williams, Peggy

Job Title 60-210-01 - Director of Technology

Work Date Hours Code

Shift Code

06/05/2017 REG FT - Regular Full Time 8.0000
06/06/2017 REG FT - Regular Full Time 8.0000
06/07/2017 REG FT - Regular Full Time 8.0000
06/08/2017 REG FT - Regular Full Time 8.0000
06/09/2017 REG FT - Regular Full Time 8.0000
06/12/2017 REG FT - Regular Full Time 8.0000
06/13/2017 REG FT - Regular Full Time 8.0000
06/14/2017 REG FT - Regular Full Time 8.0000
06/15/2017 REG FT - Regular Full Time 8.0000
06/16/2017 REG FT - Regular Full Time 8.0000

Pay Period Totals

| Hours Code | Hours |
|----------------------------|---------|
| REG FT - Regular Full Time | 80.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|-----------------------|-----------|------------------------|---------------------------------|----------|
| 6/16/2017 8:31:30 AM | Uploaded | pwilliams | 60 - IT and Building Department | |
| 6/15/2017 8:53:21 AM | Approved | 349 - Hunt, Kevin | 60 - IT and Building Department | |
| 6/14/2017 11:33:50 AM | Submitted | 304 - Plimpton, Albert | 60 - IT and Building Department | |

Employee Signature

Approver Signature

Section 5 (A) 3.

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------------|---------|--|
| 09/26/16-10/09/16 | 6 hours | Implementation of AB 1794 - Planning, directing, coordinating and monitoring of the orientation, nomination and election of water purveyor representatives to the Board of Directors |



Central Basin
 Municipal Water District

I certify that the aforementioned is true and accurate.

X

[Handwritten Signature]



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 09/26/16 - 10/09/16

Employee 349 - Hunt, Kevin

Department 10 - District Administration

Work Date Hours Code

| | | |
|------------|----------------------------|--------|
| 09/26/2016 | REG FT - Regular Full Time | 8.0000 |
| 09/27/2016 | REG FT - Regular Full Time | 8.0000 |
| 09/28/2016 | REG FT - Regular Full Time | 8.0000 |
| 09/29/2016 | REG FT - Regular Full Time | 8.0000 |
| 09/30/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/03/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/04/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/05/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/06/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/07/2016 | REG FT - Regular Full Time | 8.0000 |

Job Title 10-200-01 - General Manager

Hours

Approver 305 - Williams, Peggy
Shift Code

Pay Period Totals

| Hours Code | Hours |
|----------------------------|---------|
| REG FT - Regular Full Time | 80.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|-----------------------|-----------|-------------------|------------------------------|----------|
| 10/6/2016 12:07:29 PM | Uploaded | pwilliams | 10 - District Administration | |
| 10/5/2016 4:54:32 PM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 10/5/2016 4:52:05 PM | Submitted | 349 - Hunt, Kevin | 10 - District Administration | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------------|---------|--|
| 10/10/16-10/23/16 | 9 hours | Implementation of AB 1794 - Planning, directing, coordinating and monitoring of the orientation, nomination and election of water purveyor representatives to the Board of Directors |



I certify that the aforementioned is true and accurate.

X

[Handwritten Signature]



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 10/10/16 - 10/23/16

Employee 349 - Hunt, Kevin

Department 10 - District Administration

Work Date Hours Code

| | | |
|------------|----------------------------|--------|
| 10/10/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/11/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/12/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/13/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/14/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/17/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/18/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/19/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/20/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/21/2016 | REG FT - Regular Full Time | 8.0000 |

Job Title 10-200-01 - General Manager
Shift Code

305 - Williams, Peggy

Pay Period Totals

| Hours Code | Hours |
|----------------------------|---------|
| REG FT - Regular Full Time | 80.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|------------------------|-----------|-------------------|------------------------------|----------|
| 10/21/2016 10:57:07 AM | Uploaded | pwilliams | 10 - District Administration | |
| 10/19/2016 11:20:22 AM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 10/19/2016 11:19:07 AM | Submitted | 349 - Hunt, Kevin | 10 - District Administration | |

Employee Signature

[Handwritten Signature]

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------------|---------|--|
| 10/24/16-11/06/16 | 9 hours | Implementation of AB 1794 - Planning, directing, coordinating and monitoring of the orientation, nomination and election of water purveyor representatives to the Board of Directors |



Central Basin
 Municipal Water District

I certify that the aforementioned is true and accurate.

X

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Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 10/24/16 - 11/06/16

Employee 349 - Hunt, Kevin

Department 10 - District Administration

Work Date Hours Code

| | | |
|------------|----------------------------|--------|
| 10/24/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/25/2016 | SK PAY - Sick Paid | 8.0000 |
| 10/26/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/27/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/28/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/31/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/01/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/02/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/03/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/04/2016 | REG FT - Regular Full Time | 8.0000 |

Job Title 10-200-01 - General Manager
Hours
Shift Code

Approver 305 - Williams, Peggy

Pay Period Totals

| Hours Code | Hours |
|----------------------------|---------|
| REG FT - Regular Full Time | 72.0000 |
| SK PAY - Sick Paid | 8.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|----------------------|-----------|-------------------|------------------------------|----------|
| 11/3/2016 4:11:40 PM | Uploaded | pwilliams | 10 - District Administration | |
| 11/3/2016 9:49:21 AM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 11/3/2016 9:48:09 AM | Submitted | 349 - Hunt, Kevin | 10 - District Administration | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------------|----------|--|
| 11/07/16-11/20/16 | 12 hours | Implementation of AB 1794 - Planning, directing, coordinating and monitoring of the orientation, nomination and election of water purveyor representatives to the Board of Directors |



I certify that the aforementioned is true and accurate.

X

Man P. V. V.



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 11/07/16 - 11/20/16

Employee 349 - Hunt, Kevin

Department 10 - District Administration

Work Date Hours Code

| | | |
|------------|-----------------------------|--------|
| 11/07/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/08/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/09/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/10/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/11/2016 | HOL DIST - Holiday District | 8.0000 |
| 11/14/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/15/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/16/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/17/2016 | VAC PAY - Vacation Paid | 8.0000 |
| 11/18/2016 | VAC PAY - Vacation Paid | 8.0000 |

Job Title 10-200-01 - General Manager

Shift Code

Approver 305 - Williams, Peggy

Pay Period Totals

| Hours Code | Hours |
|-----------------------------|---------|
| HOL DIST - Holiday District | 8.0000 |
| REG FT - Regular Full Time | 56.0000 |
| VAC PAY - Vacation Paid | 16.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|-----------------------|-----------|-------------------|------------------------------|----------|
| 11/17/2016 4:11:24 PM | Uploaded | pwilliams | 10 - District Administration | |
| 11/15/2016 2:57:55 PM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 11/15/2016 2:57:02 PM | Submitted | 349 - Hunt, Kevin | 10 - District Administration | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------------|----------|--|
| 11/21/16-12/04/16 | 12 hours | Implementation of AB 1794 - Planning, directing, coordinating and monitoring of the orientation, nomination and election of water purveyor representatives to the Board of Directors |



Central Basin
Municipal Water District

I certify that the aforementioned is true and accurate.

X

Donna M. M. M.



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 11/21/16 - 12/04/16

Employee 349 - Hunt, Kevin

Department 10 - District Administration

Approver 305 - Williams, Peggy

Job Title 10-200-01 - General Manager

Work Date Hours Code

Shift Code

| | | |
|------------|-----------------------------|--------|
| 11/21/2016 | VAC PAY - Vacation Paid | 8.0000 |
| 11/22/2016 | VAC PAY - Vacation Paid | 8.0000 |
| 11/23/2016 | VAC PAY - Vacation Paid | 8.0000 |
| 11/24/2016 | HOL DIST - Holiday District | 8.0000 |
| 11/25/2016 | HOL DIST - Holiday District | 8.0000 |
| 11/28/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/29/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/30/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/01/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/02/2016 | REG FT - Regular Full Time | 8.0000 |

| Hours |
|--------|
| 8.0000 |
| 8.0000 |
| 8.0000 |
| 8.0000 |
| 8.0000 |
| 8.0000 |
| 8.0000 |
| 8.0000 |
| 8.0000 |
| 8.0000 |

Pay Period Totals

| Hours Code | Hours |
|-----------------------------|---------|
| HOL DIST - Holiday District | 16.0000 |
| REG FT - Regular Full Time | 40.0000 |
| VAC PAY - Vacation Paid | 24.0000 |
| Total Hours | 80.0000 |

Pay Period History

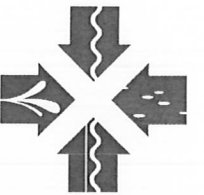
| Changed On | Status | Made By | Department | Comments |
|----------------------|-----------|-------------------|------------------------------|----------|
| 12/2/2016 9:46:33 AM | Uploaded | pwilliams | 10 - District Administration | |
| 12/1/2016 8:53:46 AM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 12/1/2016 8:52:47 AM | Submitted | 349 - Hunt, Kevin | 10 - District Administration | |

Employee Signature

[Handwritten Signature]

Approver Signature

that the aforementioned is true and



Central Basin Municipal Water District

Employee Timesheet Report

Pay Date Range 12/05/16 - 12/18/16

Employee 349 - Hunt, Kevin

Department 10 - District Administration

Work Date Hours Code

| | | |
|------------|----------------------------|--------|
| 12/05/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/06/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/07/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/08/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/09/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/12/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/13/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/14/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/15/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/16/2016 | REG FT - Regular Full Time | 8.0000 |

Pay Period Totals

| Hours Code | Hours |
|----------------------------|---------|
| REG FT - Regular Full Time | 80.0000 |
| Total Hours | 80.0000 |

Job Title 10-200-01 - General Manager

Shift Code

Approver 305 - Williams, Peggy

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|------------------------|-----------|-------------------|------------------------------|----------|
| 12/15/2016 4:07:56 PM | Uploaded | pwilliams | 10 - District Administration | |
| 12/15/2016 11:53:53 AM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 12/15/2016 11:52:35 AM | Submitted | 349 - Hunt, Kevin | 10 - District Administration | |

Employee Signature

Kevin J Hunt

Approver Signature

AB 1794 Implementation - Description of Hours Worked

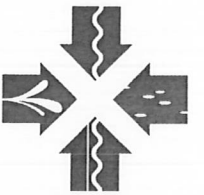
| Date | Hours | Description |
|-------------------|----------|--|
| 12/19/16-01/01/17 | 12 hours | Implementation of AB 1794 - Planning, directing, coordinating and monitoring of the orientation, nomination and election of water purveyor representatives to the Board of Directors |



I certify that the aforementioned is true and accurate.

X

[Handwritten Signature]



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 12/19/16 - 01/01/17

Employee 349 - Hunt, Kevin

Department 10 - District Administration

Work Date Hours Code

| | | |
|------------|-----------------------------|--------|
| 12/19/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/20/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/21/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/22/2016 | VAC PAY - Vacation Paid | 8.0000 |
| 12/23/2016 | HOL DIST - Holiday District | 8.0000 |
| 12/26/2016 | HOL DIST - Holiday District | 8.0000 |
| 12/27/2016 | VAC PAY - Vacation Paid | 8.0000 |
| 12/28/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/29/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/30/2016 | HOL DIST - Holiday District | 8.0000 |

Pay Period Totals

| Hours Code | Hours |
|-----------------------------|---------|
| HOL DIST - Holiday District | 24.0000 |
| REG FT - Regular Full Time | 40.0000 |
| VAC PAY - Vacation Paid | 16.0000 |
| Total Hours | 80.0000 |

Job Title 10-200-01 - General Manager

Shift Code

Approver 305 - Williams, Peggy

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|------------------------|-----------|-------------------|------------------------------|----------|
| 12/29/2016 10:38:29 AM | Uploaded | pwilliams | 10 - District Administration | |
| 12/28/2016 12:47:38 PM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 12/28/2016 12:46:32 PM | Submitted | 349 - Hunt, Kevin | 10 - District Administration | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------------|----------|--|
| 01/02/17-01/15/17 | 12 hours | Implementation of AB 1794 - Planning, directing, coordinating and monitoring of the orientation, nomination and election of water purveyor representatives to the Board of Directors |

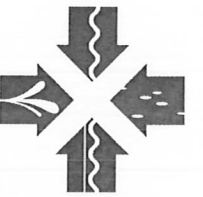


Central Basin
Municipal Water District

I certify that the aforementioned is true and accurate.

X

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Central Basin Municipal Water District

Employee Timesheet Report

Pay Date Range 01/02/17 - 01/15/17

| | | | |
|------------|------------------------------|-----------|-----------------------------|
| Employee | 349 - Hunt, Kevin | Approver | 305 - Williams, Peggy |
| Department | 10 - District Administration | Job Title | 10-200-01 - General Manager |
| Work Date | Hours Code | Hours | Shift Code |
| 01/02/2017 | HOL DIST - Holiday District | 8.0000 | |
| 01/03/2017 | REG FT - Regular Full Time | 8.0000 | |
| 01/04/2017 | REG FT - Regular Full Time | 8.0000 | |
| 01/05/2017 | REG FT - Regular Full Time | 8.0000 | |
| 01/06/2017 | REG FT - Regular Full Time | 8.0000 | |
| 01/09/2017 | REG FT - Regular Full Time | 8.0000 | |
| 01/10/2017 | REG FT - Regular Full Time | 8.0000 | |
| 01/11/2017 | REG FT - Regular Full Time | 8.0000 | |
| 01/12/2017 | REG FT - Regular Full Time | 8.0000 | |
| 01/13/2017 | REG FT - Regular Full Time | 8.0000 | |

| Pay Period Totals | |
|-----------------------------|---------|
| Hours Code | Hours |
| HOL DIST - Holiday District | 8.0000 |
| REG FT - Regular Full Time | 72.0000 |
| Total Hours | 80.0000 |

| Pay Period History | | | |
|-----------------------|-----------|-------------------|------------------------------|
| Changed On | Status | Made By | Department |
| 1/12/2017 12:29:42 PM | Uploaded | pwilliams | 10 - District Administration |
| 1/11/2017 4:45:36 PM | Approved | 349 - Hunt, Kevin | 10 - District Administration |
| 1/11/2017 4:44:50 PM | Submitted | 349 - Hunt, Kevin | 10 - District Administration |

Employee Signature

Approver Signature _____

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------------|----------|--|
| 01/16/17-01/29/17 | 12 hours | Implementation of AB 1794 - Planning, directing, coordinating and monitoring of the orientation, nomination and election of water purveyor representatives to the Board of Directors |



Central Basin
 Municipal Water District

I certify that the aforementioned is true and accurate.

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A handwritten signature in black ink, appearing to be 'J. W. Smith', written over a horizontal line.



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 01/16/17 - 01/29/17

Employee 349 - Hunt, Kevin

Department 10 - District Administration

Approver 305 - Williams, Peggy

Job Title 10-200-01 - General Manager

Work Date Hours Code

Shift Code

| | | |
|------------|-----------------------------|--------|
| 01/16/2017 | HOL DIST - Holiday District | 8.0000 |
| 01/17/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/18/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/19/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/20/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/23/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/24/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/25/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/26/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/27/2017 | REG FT - Regular Full Time | 8.0000 |

| Job Title | Hours |
|-----------------------------|--------|
| 10-200-01 - General Manager | 8.0000 |

Pay Period Totals

| Hours Code | Hours |
|-----------------------------|---------|
| HOL DIST - Holiday District | 8.0000 |
| REG FT - Regular Full Time | 72.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|----------------------|-----------|-------------------|------------------------------|----------|
| 1/27/2017 7:50:00 AM | Uploaded | pwilliams | 10 - District Administration | |
| 1/26/2017 9:56:04 AM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 1/26/2017 9:55:24 AM | Submitted | 349 - Hunt, Kevin | 10 - District Administration | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------------|----------|--|
| 01/30/17-02/12/17 | 12 hours | Implementation of AB 1794 - Planning, directing, coordinating and monitoring of the orientation, nomination and election of water purveyor representatives to the Board of Directors |



Central Basin
Municipal Water District

I certify that the aforementioned is true and accurate.

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Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 01/30/17 - 02/12/17

Employee 349 - Hunt, Kevin

Department 10 - District Administration

Job Title 10-200-01 - General Manager

Approver 305 - Williams, Peggy

Work Date Hours Code

Hours Shift Code

| | | |
|------------|----------------------------|--------|
| 01/30/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/31/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/01/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/02/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/03/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/06/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/07/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/08/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/09/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/10/2017 | REG FT - Regular Full Time | 8.0000 |

Pay Period Totals

| Hours Code | Hours |
|----------------------------|---------|
| REG FT - Regular Full Time | 80.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|----------------------|-----------|-------------------|------------------------------|----------|
| 2/9/2017 5:47:29 PM | Uploaded | pwilliams | 10 - District Administration | |
| 2/8/2017 10:50:55 AM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 2/8/2017 9:02:03 AM | Submitted | 349 - Hunt, Kevin | 10 - District Administration | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------------|----------|--|
| 02/13/17-02/26/17 | 12 hours | Implementation of AB 1794 - Planning, directing, coordinating and monitoring of the orientation, nomination and election of water purveyor representatives to the Board of Directors |



I certify that the aforementioned is true and accurate.

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Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 02/13/17 - 02/26/17

| | | | |
|-------------------|------------------------------|------------------|-----------------------------|
| Employee | 349 - Hunt, Kevin | Approver | 305 - Williams, Peggy |
| Department | 10 - District Administration | Job Title | 10-200-01 - General Manager |
| Work Date | Hours | Hours | Shift Code |
| 02/13/2017 | REG FT - Regular Full Time | 8.0000 | |
| 02/14/2017 | REG FT - Regular Full Time | 8.0000 | |
| 02/15/2017 | REG FT - Regular Full Time | 8.0000 | |
| 02/16/2017 | REG FT - Regular Full Time | 8.0000 | |
| 02/17/2017 | REG FT - Regular Full Time | 8.0000 | |
| 02/20/2017 | HOL DIST - Holiday District | 8.0000 | |
| 02/21/2017 | REG FT - Regular Full Time | 8.0000 | |
| 02/22/2017 | REG FT - Regular Full Time | 8.0000 | |
| 02/23/2017 | REG FT - Regular Full Time | 8.0000 | |
| 02/24/2017 | REG FT - Regular Full Time | 8.0000 | |

| Pay Period Totals | |
|-----------------------------|----------------|
| Hours Code | Hours |
| HOL DIST - Holiday District | 8.0000 |
| REG FT - Regular Full Time | 72.0000 |
| Total Hours | 80.0000 |

| Pay Period History | | | |
|----------------------|-----------|-------------------|------------------------------|
| Changed On | Status | Made By | Department |
| 2/24/2017 8:33:49 AM | Uploaded | pwilliams | 10 - District Administration |
| 2/22/2017 2:47:16 PM | Approved | 349 - Hunt, Kevin | 10 - District Administration |
| 2/22/2017 2:44:31 PM | Submitted | 349 - Hunt, Kevin | 10 - District Administration |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------------|----------|--|
| 02/27/17-03/12/17 | 12 hours | Implementation of AB 1794 - Planning, directing, coordinating and monitoring of the orientation, nomination and election of water purveyor representatives to the Board of Directors |



Central Basin
 Municipal Water District

I certify that the aforementioned is true and accurate.

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Central Basin Municipal Water District

Employee Timesheet Report

Pay Date Range 02/27/17 - 03/12/17

| | | | |
|--|----------------------------|--|-------------------|
| Employee 349 - Hunt, Kevin | | Approver 305 - Williams, Peggy | |
| Department 10 - District Administration | | Job Title 10-200-01 - General Manager | |
| Work Date | Hours Code | Hours | Shift Code |
| 02/27/2017 | REG FT - Regular Full Time | 8.0000 | |
| 02/28/2017 | REG FT - Regular Full Time | 8.0000 | |
| 03/01/2017 | REG FT - Regular Full Time | 8.0000 | |
| 03/02/2017 | REG FT - Regular Full Time | 8.0000 | |
| 03/03/2017 | REG FT - Regular Full Time | 8.0000 | |
| 03/06/2017 | REG FT - Regular Full Time | 8.0000 | |
| 03/07/2017 | REG FT - Regular Full Time | 8.0000 | |
| 03/08/2017 | REG FT - Regular Full Time | 8.0000 | |
| 03/09/2017 | REG FT - Regular Full Time | 8.0000 | |
| 03/10/2017 | REG FT - Regular Full Time | 8.0000 | |

| Pay Period Totals | |
|----------------------------|----------------|
| Hours Code | Hours |
| REG FT - Regular Full Time | 80.0000 |
| Total Hours | 80.0000 |

| Pay Period History | | |
|----------------------|-----------|------------------------------|
| Changed On | Status | Made By |
| 3/9/2017 4:25:43 PM | Uploaded | pwilliams |
| 3/7/2017 12:57:15 PM | Approved | 349 - Hunt, Kevin |
| 3/7/2017 12:56:14 PM | Submitted | 349 - Hunt, Kevin |
| | | Department |
| | | 10 - District Administration |
| | | 10 - District Administration |
| | | 10 - District Administration |
| | | Comments |
| | | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------------|----------|--|
| 03/13/17-03/26/17 | 12 hours | Implementation of AB 1794 - Planning, directing, coordinating and monitoring of the orientation, nomination and election of water purveyor representatives to the Board of Directors |



Central Basin
 Municipal Water District

I certify that the aforementioned is true and accurate.

X

A handwritten signature in blue ink, appearing to be 'M. W. ...', written over a horizontal line.



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 03/13/17 - 03/26/17

Employee 349 - Hunt, Kevin

Department 10 - District Administration

Approver 305 - Williams, Peggy

Job Title 10-200-01 - General Manager

Work Date Hours Code

Shift Code

| | | |
|------------|----------------------------|--------|
| 03/13/2017 | VAC PAY - Vacation Paid | 8.0000 |
| 03/14/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/15/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/16/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/17/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/20/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/21/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/22/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/23/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/24/2017 | REG FT - Regular Full Time | 8.0000 |

| | |
|--------|--------|
| Hours | 8.0000 |
| 8.0000 | |
| 8.0000 | |
| 8.0000 | |
| 8.0000 | |
| 8.0000 | |
| 8.0000 | |
| 8.0000 | |
| 8.0000 | |
| 8.0000 | |

Pay Period Totals

| Hours Code | Hours |
|----------------------------|---------|
| REG FT - Regular Full Time | 72.0000 |
| VAC PAY - Vacation Paid | 8.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|----------------------|-----------|-------------------|------------------------------|----------|
| 3/23/2017 2:16:23 PM | Uploaded | pwilliams | 10 - District Administration | |
| 3/22/2017 6:22:38 PM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 3/22/2017 6:21:53 PM | Submitted | 349 - Hunt, Kevin | 10 - District Administration | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------------|---------|--|
| 03/27/17-04/09/17 | 8 hours | Implementation of AB 1794 - Planning, directing, coordinating and monitoring of the orientation, nomination and election of water purveyor representatives to the Board of Directors |



I certify that the aforementioned is true and accurate.

X

A handwritten signature in black ink, appearing to be 'W. W. W.', written over a horizontal line.



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 03/27/17 - 04/09/17

Employee 349 - Hunt, Kevin

Department 10 - District Administration

Work Date Hours Code

| | | |
|------------|-----------------------------|--------|
| 03/27/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/28/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/29/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/30/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/31/2017 | HOL DIST - Holiday District | 8.0000 |
| 04/03/2017 | REG FT - Regular Full Time | 8.0000 |
| 04/04/2017 | REG FT - Regular Full Time | 8.0000 |
| 04/05/2017 | REG FT - Regular Full Time | 8.0000 |
| 04/06/2017 | REG FT - Regular Full Time | 8.0000 |
| 04/07/2017 | VAC PAY - Vacation Paid | 8.0000 |

Approver 305 - Williams, Peggy

Job Title 10-200-01 - General Manager

Hours

Shift Code

Pay Period Totals

| Hours Code | Hours |
|-----------------------------|----------------|
| HOL DIST - Holiday District | 8.0000 |
| REG FT - Regular Full Time | 64.0000 |
| VAC PAY - Vacation Paid | 8.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|---------------------|---------------------|-------------------|------------------------------|----------|
| 4/6/2017 3:29:54 PM | Uploaded | pwilliams | 10 - District Administration | |
| 4/5/2017 4:57:16 PM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 4/5/2017 4:56:41 PM | Submitted | 349 - Hunt, Kevin | 10 - District Administration | |
| 4/5/2017 4:53:00 PM | Submission Recalled | 349 - Hunt, Kevin | 10 - District Administration | |
| 4/5/2017 4:52:22 PM | Submitted | 349 - Hunt, Kevin | 10 - District Administration | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------------|---------|--|
| 04/10/17-04/23/17 | 8 hours | Implementation of AB 1794 - Planning, directing, coordinating and monitoring of the orientation, nomination and election of water purveyor representatives to the Board of Directors |

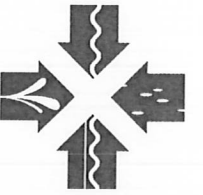


Central Basin
 Municipal Water District

I certify that the aforementioned is true and accurate.

X

A handwritten signature in black ink, appearing to be 'J. M. V.', written over a horizontal line.



Central Basin Municipal Water District

Employee Timesheet Report

Pay Date Range 04/10/17 - 04/23/17

Employee 349 - Hunt, Kevin

Department 10 - District Administration

Work Date Hours Code

| | | |
|------------|----------------------------|--------|
| 04/10/2017 | REG FT - Regular Full Time | 8.0000 |
| 04/11/2017 | REG FT - Regular Full Time | 8.0000 |
| 04/12/2017 | REG FT - Regular Full Time | 8.0000 |
| 04/13/2017 | REG FT - Regular Full Time | 8.0000 |
| 04/14/2017 | REG FT - Regular Full Time | 8.0000 |
| 04/17/2017 | VAC PAY - Vacation Paid | 8.0000 |
| 04/18/2017 | VAC PAY - Vacation Paid | 8.0000 |
| 04/19/2017 | VAC PAY - Vacation Paid | 8.0000 |
| 04/20/2017 | VAC PAY - Vacation Paid | 8.0000 |
| 04/21/2017 | VAC PAY - Vacation Paid | 8.0000 |

Job Title 10-200-01 - General Manager

Hours

Approver 305 - Williams, Peggy
Shift Code

Pay Period Totals

| Hours Code | Hours |
|----------------------------|---------|
| REG FT - Regular Full Time | 40.0000 |
| VAC PAY - Vacation Paid | 40.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|-----------------------|-----------|-------------------|------------------------------|----------|
| 4/21/2017 10:21:26 AM | Uploaded | pwilliams | 10 - District Administration | |
| 4/13/2017 5:52:22 PM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 4/13/2017 5:51:37 PM | Submitted | 349 - Hunt, Kevin | 10 - District Administration | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

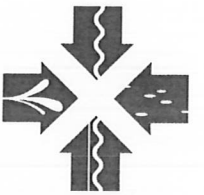
| Date | Hours | Description |
|-------------------|---------|--|
| 04/24/17-05/07/17 | 8 hours | Implementation of AB 1794 - Planning, directing, coordinating and monitoring of the orientation, nomination and election of water purveyor representatives to the Board of Directors |



Central Basin
 Municipal Water District

I certify that the aforementioned is true and accurate.

X



Central Basin Municipal Water District

Employee Timesheet Report

Pay Date Range 04/24/17 - 05/07/17

Employee 349 - Hunt, Kevin

Department 10 - District Administration

Work Date Hours Code

| | | |
|------------|----------------------------|--------|
| 04/24/2017 | REG FT - Regular Full Time | 8.0000 |
| 04/25/2017 | REG FT - Regular Full Time | 8.0000 |
| 04/26/2017 | REG FT - Regular Full Time | 8.0000 |
| 04/27/2017 | REG FT - Regular Full Time | 8.0000 |
| 04/28/2017 | REG FT - Regular Full Time | 8.0000 |
| 05/01/2017 | REG FT - Regular Full Time | 8.0000 |
| 05/02/2017 | REG FT - Regular Full Time | 8.0000 |
| 05/03/2017 | REG FT - Regular Full Time | 8.0000 |
| 05/04/2017 | REG FT - Regular Full Time | 8.0000 |
| 05/05/2017 | REG FT - Regular Full Time | 8.0000 |

Job Title 10-200-01 - General Manager

Hours

Shift Code

Approver 305 - Williams, Peggy

Pay Period Totals

| Hours Code | Hours |
|----------------------------|----------------|
| REG FT - Regular Full Time | 80.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|----------------------|-----------|-------------------|------------------------------|----------|
| 5/5/2017 12:49:52 PM | Uploaded | pwilliams | 10 - District Administration | |
| 5/5/2017 9:28:53 AM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 5/5/2017 9:28:02 AM | Submitted | 349 - Hunt, Kevin | 10 - District Administration | |

Employee Signature

Approver Signature

Section 5 (A) 4.



Central Basin Municipal Water District

6252 Telegraph Road
Commerce, CA 90040-2512

Phone: 323.201.5500
Fax: 323.201.5550
www.centralbasin.org

September 19, 2017

To whom it may concern:

Board of Directors

Division I

Pedro Aceituno

Division II

Robert Apodaca

Division III

Arturo Chacon

Division IV

Leticia Vasquez

Division V

Phillip D. Hawkins

Director at Large

William C. Gedney

Director at Large

John Oskoui

Director at Large

Mark Grajeda

General Manager

Kevin P. Hunt, P.E.

Below are the legal invoices which includes the cost paid for implementation of AB 1794. Our attorneys have recommended the invoices description be redacted for client attorney privilege.

In the event the commission or its staff would like to review the invoices, they would be available at an agreed time and location for an in camera review. Please see email communication from our legal counsel attached.

Kevin P. Hunt, P.E.

General Manager

Serving the Cities of

| | |
|------------------|------------------|
| Artesia | La Mirada |
| Bell | Lynwood |
| Bellflower | Maywood |
| Bell Gardens | Montebello |
| Carson | Monterey Park |
| Cerritos | Norwalk |
| Commerce | Paramount |
| Compton | Pico Rivera |
| Cudahy | Santa Fe Springs |
| Downey | Signal Hill |
| Hawaiian Gardens | South Gate |
| Huntington Park | Whittier |
| La Habra Heights | Vernon |
| Lakewood | |

and Unincorporated Areas
of Los Angeles County

Dorrett Lambey

From: Margarita Aguilar
Sent: Monday, September 18, 2017 11:39 AM
To: Kevin Hunt; Dorrett Lambey; Rob Gerger
Subject: FW: Test Claim for AB 1794

See response below.

From: Pellman, Lloyd W. [mailto:lpellman@nossaman.com]
Sent: Monday, September 18, 2017 11:37 AM
To: Margarita Aguilar <maggiea@centralbasin.org>; Smith, Alfred E. <asmith@nossaman.com>
Subject: RE: Test Claim for AB 1794

Maggie:

I have discussed this with Alfred and our suggestion is as follows:

Since this SB 90 claim will be a matter of public records, you should redact anything that would otherwise be withheld in response to a public records Act request and then note that in the event that the Commission and/or its staff should want to review the details that we would make them available for an *in camera* review at an appropriate time.
Bill

Lloyd W. Pellman
Attorney at Law
NOSSAMAN LLP
777 South Figueroa Street, 34th Floor
Los Angeles, CA 90017
lpellman@nossaman.com
T 213.612.7800 F 213.612.7801
D 213.612.7802 M 213.435.9839



PLEASE NOTE: The information in this e-mail message is confidential. It may also be attorney-client privileged and/or protected from disclosure as attorney work product. If you have received this e-mail message in error or are not the intended recipient, you may not use, copy, nor disclose to anyone this message or any information contained in it. Please notify the sender by reply e-mail and delete the message. Thank you.

From: Margarita Aguilar [<mailto:maggiea@centralbasin.org>]
Sent: Monday, September 18, 2017 9:49 AM
To: Smith, Alfred E.; Pellman, Lloyd W.
Subject: RE: Test Claim for AB 1794

Good morning,
Following up on the email below.
Regards,
Maggie

From: Margarita Aguilar
Sent: Friday, September 15, 2017 4:03 PM
To: Alfred E. Smith (asmith@nossaman.com) <asmith@nossaman.com>; 'Pellman, Lloyd W.'

Central Basin Municipal Water District
10/12/16
Page 6

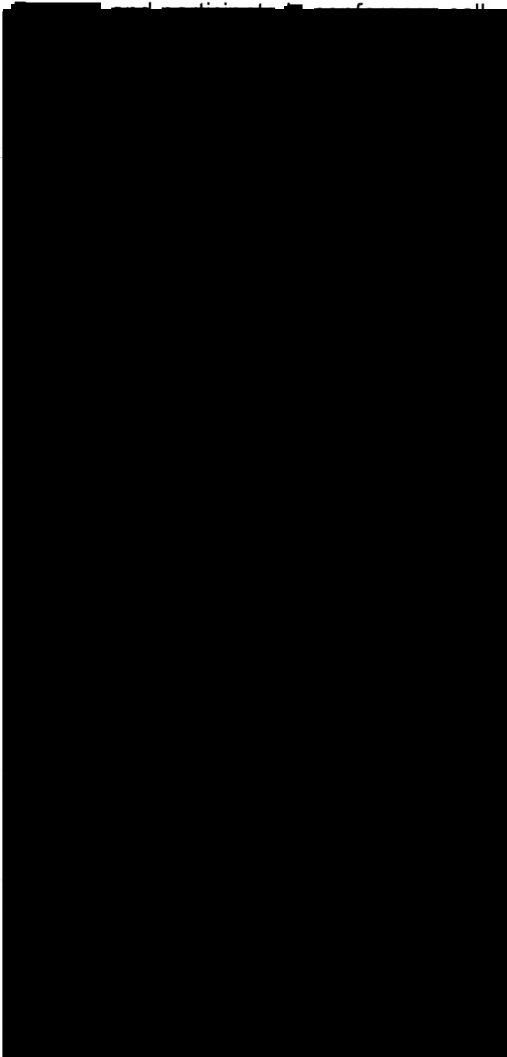
Client: 501817
Matter: 0001
Invoice: 458349
Re: General Counsel Services

BILLING CATEGORY CBMWD12: GOVERNANCE STRUCTURE

| | | | | | |
|----------|----------------|-----|------|--|--------|
| 09/07/16 | CBM 01 WD12 | AES | 0.40 | | 110.00 |
| 09/19/16 | CBM 01 WD12 | LWP | 0.30 | | 82.50 |
| 09/20/16 | CBM 01 WD12 | LWP | 1.70 | | 467.50 |
| 09/21/16 | CBM 01 WD12 | AES | 2.60 | | 715.00 |
| 09/21/16 | CBM 01 WD12 | LWP | 1.10 | | 302.50 |
| 09/22/16 | CBM 01 WD12 | AES | 2.90 | | 797.50 |
| 09/23/16 | CBM 01 WD12 | LWP | 0.00 | | 0.00 |
| 09/23/16 | CBM 01 WD12 | LWP | 0.30 | | 82.50 |
| 09/27/16 | CBM 01 WD12 | AES | 1.70 | | 467.50 |
| 09/27/16 | CBM 01 WD12 | AES | 1.60 | | 440.00 |

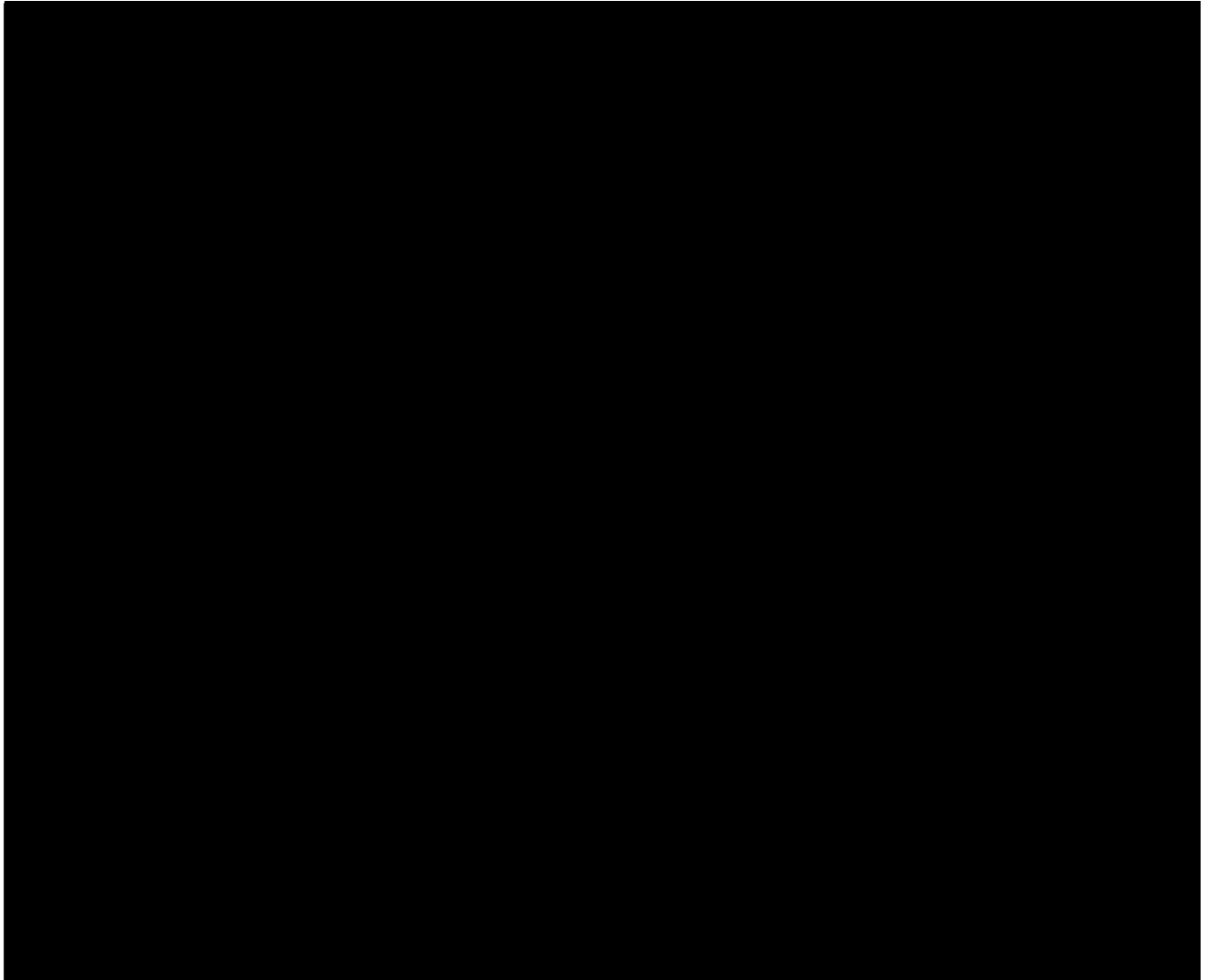
Central Basin Municipal Water District
10/12/16
Page 7

Client: 501817
Matter: 0001
Invoice: 458349
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|----------------|--------------------|-------------------|--------------|---|---------------|
| 09/27/16 | CBM 01 WD12 | LWP | 0.50 |  | 137.50 |
| 09/28/16 | CBM 01 WD12 | AES | 1.80 | | 495.00 |
| 09/28/16 | CBM 01 WD12 | AES | 2.00 | | 550.00 |
| 09/28/16 | CBM 01 WD12 | LWP | 0.60 | | 165.00 |
| 09/28/16 | CBM 01 WD12 | LWP | 3.00 | | 825.00 |
| 09/29/16 | CBM 01 WD12 | LWP | 1.80 | | 495.00 |
| 09/29/16 | CBM 01 WD12 | LWP | 0.30 | | 82.50 |
| 09/29/16 | CBM 01 WD12 | LWP | 0.10 | | 27.50 |
| 09/30/16 | CBM 01 WD12 | AES | 0.80 | | 220.00 |
| 09/30/16 | CBM 01 WD12 | AES | 0.40 | | 110.00 |
| 09/30/16 | CBM 01 WD12 | AES | 0.40 | | 110.00 |
| TOTAL CBMWD12: | | | | | 6,682.50 |

Central Basin Municipal Water District
11/14/16
Page 6

Client: 501817
Matter: 0001
Invoice: 459636
Re: General Counsel Services



BILLING CATEGORY CBMWD12: GOVERNANCE STRUCTURE

| | | | | | |
|----------|--------|-----|------|------------|--------|
| 10/17/16 | CBM 01 | SC2 | 3.50 | [REDACTED] | 962.50 |
| | WD12 | | | [REDACTED] | |
| | | | | [REDACTED] | |
| | | | | [REDACTED] | |
| | | | | [REDACTED] | |
| | | | | [REDACTED] | |
| | | | | [REDACTED] | |

Central Basin Municipal Water District
11/14/16
Page 7

Client: 501817
Matter: 0001
Invoice: 459636
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 10/17/16 | CBM 01 WD12 | SC2 | 1.10 | | 302.50 |
| 10/18/16 | CBM 01 WD12 | SC2 | 1.20 | | 330.00 |
| 10/18/16 | CBM 01 WD12 | SC2 | 1.50 | | 412.50 |
| 10/18/16 | CBM 01 WD12 | SC2 | 0.20 | | 55.00 |
| 10/19/16 | CBM 01 WD12 | LWP | 1.60 | | 440.00 |
| 10/19/16 | CBM 01 WD12 | LWP | 1.10 | | 302.50 |

Central Basin Municipal Water District
11/14/16
Page 8

Client: 501817
Matter: 0001
Invoice: 459636
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 10/19/16 | CBM 01 WD12 | LWP | 0.20 | | 55.00 |
| 10/19/16 | CBM 01 WD12 | LWP | 0.10 | | 27.50 |
| 10/20/16 | CBM 01 WD12 | AES | 1.90 | | 522.50 |
| 10/20/16 | CBM 01 WD12 | LWP | 1.80 | | 495.00 |
| 10/20/16 | CBM 01 WD12 | LWP | 0.80 | | 220.00 |
| 10/21/16 | CBM 01 WD12 | AES | 1.60 | | 440.00 |
| 10/21/16 | CBM 01 WD12 | LWP | 0.80 | | 220.00 |
| 10/21/16 | CBM 01 WD12 | LWP | 0.30 | | 82.50 |
| 10/22/16 | CBM 01 WD12 | AKD | 0.20 | | 55.00 |
| 10/24/16 | CBM 01 WD12 | LWP | 0.30 | | 82.50 |
| 10/24/16 | CBM 01 WD12 | LWP | 0.20 | | 55.00 |
| 10/24/16 | CBM 01 WD12 | LWP | 0.30 | | 82.50 |

Central Basin Municipal Water District
11/14/16
Page 9

Client: 501817
Matter: 0001
Invoice: 459636
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 10/24/16 | CBM 01 WD12 | SC2 | 1.00 | | 275.00 |
| 10/24/16 | CBM 01 WD12 | SC2 | 0.20 | | 55.00 |
| 10/26/16 | CBM 01 WD12 | AES | 1.70 | | 467.50 |
| 10/26/16 | CBM 01 WD12 | AES | 0.80 | | 220.00 |
| 10/26/16 | CBM 01 WD12 | AES | 1.70 | | 467.50 |
| 10/26/16 | CBM 01 WD12 | LWP | 0.20 | | 55.00 |
| 10/26/16 | CBM 01 WD12 | LWP | 0.30 | | 82.50 |
| 10/26/16 | CBM 01 WD12 | LWP | 0.50 | | 137.50 |
| 10/26/16 | CBM 01 WD12 | LWP | 1.00 | | 275.00 |
| 10/26/16 | CBM 01 WD12 | LWP | 1.50 | | 412.50 |
| 10/26/16 | CBM 01 WD12 | LWP | 0.50 | | 137.50 |
| 10/27/16 | CBM 01 WD12 | AES | 1.40 | | 385.00 |
| 10/27/16 | CBM 01 WD12 | AES | 1.90 | | 522.50 |
| 10/27/16 | CBM 01 WD12 | AES | 1.70 | | 467.50 |

Central Basin Municipal Water District
11/14/16
Page 10

Client: 501817
Matter: 0001
Invoice: 459636
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 10/28/16 | CBM 01 WD12 | LWP | 1.50 | | 412.50 |
| 10/31/16 | CBM 01 WD12 | AES | 1.90 | | 522.50 |
| 10/31/16 | CBM 01 WD12 | LWP | 0.30 | | 82.50 |
| 10/31/16 | CBM 01 WD12 | LWP | 0.10 | | 27.50 |

TOTAL CBMWD12:

10,147.50

Central Basin Municipal Water District
12/09/16
Page 7

Client: 501817
Matter: 0001
Invoice: 460703
Re: General Counsel Services

BILLING CATEGORY CBMWD12: GOVERNANCE STRUCTURE

| | | | | | |
|----------|----------------|-----|------|--|--------|
| 11/01/16 | CBM 01 WD12 | AES | 0.80 | | 220.00 |
| 11/02/16 | CBM 01 WD12 | AES | 1.20 | | 330.00 |
| 11/02/16 | CBM 01 WD12 | LWP | 1.40 | | 385.00 |
| 11/02/16 | CBM 01 WD12 | LWP | 1.20 | | 330.00 |
| 11/03/16 | CBM 01 WD12 | LWP | 0.80 | | 220.00 |
| 11/11/16 | CBM 01 WD12 | LWP | 1.00 | | 275.00 |
| 11/15/16 | CBM 01 WD12 | AES | 1.90 | | 522.50 |
| 11/15/16 | CBM 01 WD12 | LWP | 0.20 | | 55.00 |
| 11/15/16 | CBM 01 WD12 | LWP | 0.20 | | 55.00 |

Central Basin Municipal Water District
12/09/16
Page 8

Client: 501817
Matter: 0001
Invoice: 460703
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-----------------------|--------------------|-------------------|--------------|--------------------|-----------------|
| 11/16/16 | CBM 01 WD12 | AES | 1.70 | | 467.50 |
| 11/17/16 | CBM 01 WD12 | AES | 2.60 | | 715.00 |
| 11/21/16 | CBM 01 WD12 | AES | 0.80 | | 220.00 |
| 11/21/16 | CBM 01 WD12 | AES | 2.30 | | 632.50 |
| 11/22/16 | CBM 01 WD12 | LWP | 0.30 | | 82.50 |
| 11/29/16 | CBM 01 WD12 | AES | 0.80 | | 220.00 |
| TOTAL CBMWD12: | | | | | 4,730.00 |

Central Basin Municipal Water District
02/02/17
Page 6

Client: 501817
Matter: 0001
Invoice: 461632
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|--|--------------------|-------------------|--------------|--------------------|---------------|
| <u>BILLING CATEGORY CBMWD12: GOVERNANCE STRUCTURE</u> | | | | | |
| 12/05/16 | CBM 01 WD12 | JJS | 3.50 | | 0.00 |
| 12/06/16 | CBM 01 WD12 | JJS | 1.50 | | 0.00 |
| 12/06/16 | CBM 01 WD12 | LWP | 0.50 | | 137.50 |
| 12/06/16 | CBM 01 WD12 | LWP | 0.50 | | 137.50 |
| 12/06/16 | CBM 01 WD12 | LWP | 1.00 | | 275.00 |
| 12/06/16 | CBM 01 WD12 | LWP | 0.50 | | 137.50 |
| 12/13/16 | CBM 01 WD12 | AES | 2.90 | | 797.50 |
| 12/13/16 | CBM 01 WD12 | JJS | 1.00 | | 0.00 |
| 12/19/16 | CBM 01 WD12 | AES | 2.70 | | 742.50 |
| 12/20/16 | CBM 01 WD12 | JJS | 1.50 | | 0.00 |
| 12/29/16 | CBM 01 WD12 | AES | 1.30 | | 357.50 |
| 12/29/16 | CBM 01 WD12 | LWP | 0.90 | | 247.50 |
| 12/29/16 | CBM 01 WD12 | LWP | 0.10 | | 27.50 |
| 12/29/16 | CBM 01 WD12 | LWP | 0.10 | | 27.50 |

Central Basin Municipal Water District
02/02/17
Page 7

Client: 501817
Matter: 0001
Invoice: 461632
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|----------------|--------------------|-------------------|--------------|--------------------|---------------|
| TOTAL CBMWD12: | | | | | 2,887.50 |

Central Basin Municipal Water District
02/22/17
Page 7

Client: 501817
Matter: 0001
Invoice: 463428
Re: General Counsel Services

BILLING CATEGORY CBMWD12: GOVERNANCE STRUCTURE

| | | | | | |
|----------|----------------|-----|------|--|--------|
| 01/24/17 | CBM 01 WD12 | AES | 1.00 | | 275.00 |
| 01/25/17 | CBM 01 WD12 | AES | 1.30 | | 357.50 |
| 01/25/17 | CBM 01 WD12 | LWP | 0.50 | | 137.50 |
| 01/25/17 | CBM 01 WD12 | LWP | 0.20 | | 55.00 |
| 01/25/17 | CBM 01 WD12 | LWP | 0.50 | | 137.50 |
| 01/25/17 | CBM 01 WD12 | LWP | 0.50 | | 137.50 |
| 01/26/17 | CBM 01 WD12 | AES | 2.90 | | 797.50 |
| 01/26/17 | CBM 01 WD12 | LWP | 0.80 | | 220.00 |

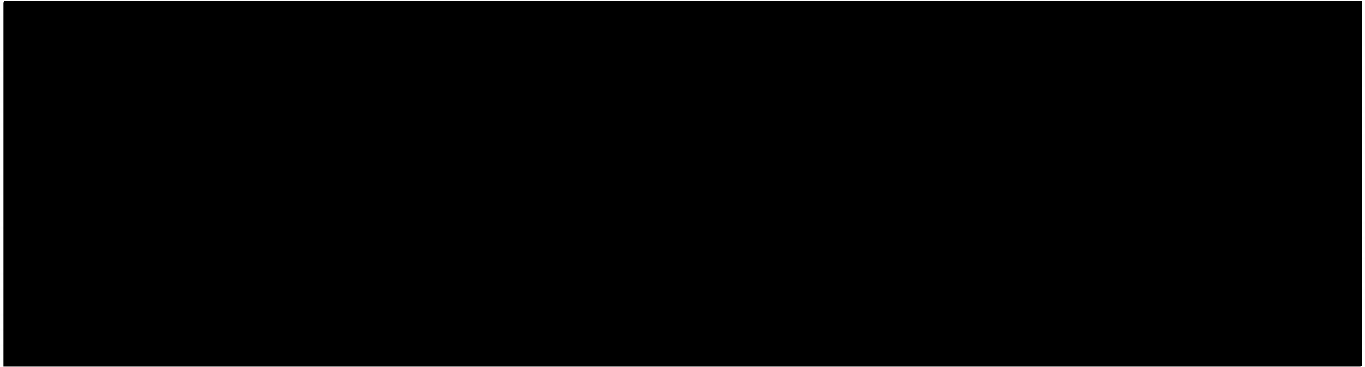
Central Basin Municipal Water District
02/22/17
Page 8

Client: 501817
Matter: 0001
Invoice: 463428
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-----------------------|--------------------|-------------------|--------------|--------------------|-----------------|
| 01/26/17 | CBM 01 WD12 | LWP | 0.20 | | 55.00 |
| 01/31/17 | CBM 01 WD12 | AES | 0.70 | | 192.50 |
| 01/31/17 | CBM 01 WD12 | LWP | 0.70 | | 192.50 |
| 01/31/17 | CBM 01 WD12 | LWP | 1.10 | | 302.50 |
| TOTAL CBMWD12: | | | | | 2,860.00 |

Central Basin Municipal Water District
03/14/17
Page 7

Client: 501817
Matter: 0001
Invoice: 464133
Re: General Counsel Services

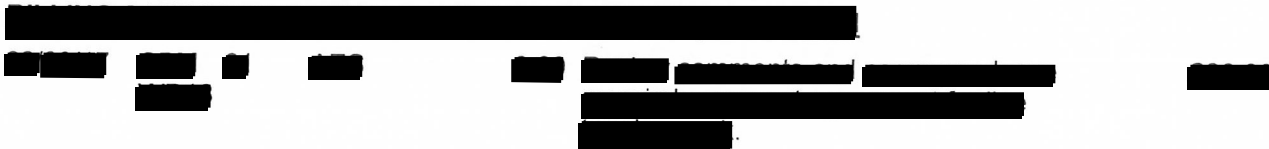


BILLING CATEGORY CBMWD12: GOVERNANCE STRUCTURE

| | | | | | |
|----------|----------------|-----|------|--|--------|
| 02/07/17 | CBM 01 WD12 | LWP | 0.10 | | 27.50 |
| 02/08/17 | CBM 01 WD12 | LWP | 0.20 | | 55.00 |
| 02/08/17 | CBM 01 WD12 | LWP | 1.40 | | 385.00 |
| 02/09/17 | CBM 01 WD12 | LWP | 0.10 | | 27.50 |
| 02/22/17 | CBM 01 WD12 | AES | 1.00 | | 275.00 |
| 02/24/17 | CBM 01 WD12 | AES | 0.90 | | 247.50 |
| 02/24/17 | CBM 01 WD12 | LWP | 0.10 | | 27.50 |
| 02/28/17 | CBM 01 WD12 | LWP | 0.40 | | 110.00 |

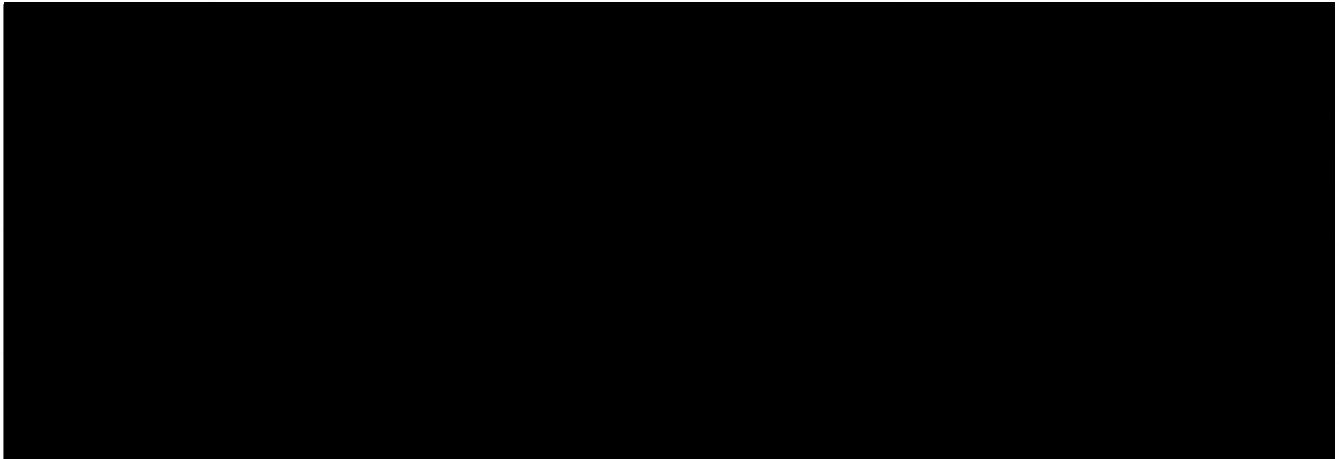
TOTAL CBMWD12:

1,155.00



Central Basin Municipal Water District
03/14/17
Page 8

Client: 501817
Matter: 0001
Invoice: 464133
Re: General Counsel Services



BILLING CATEGORY CBMWD21: AB 1794 LAWSUIT

| | | | | | |
|----------|--------|-----|------|--|---------|
| 02/15/17 | CBM 01 | GRN | 0.10 | | 27.50 |
| | WD21 | | | | |
| 02/15/17 | CBM 01 | GRN | 0.30 | | 82.50 |
| | WD21 | | | | |
| 02/15/17 | CBM 01 | LWP | 0.60 | | 165.00 |
| | WD21 | | | | |
| 02/15/17 | CBM 01 | LWP | 0.10 | | 27.50 |
| | WD21 | | | | |
| 02/15/17 | CBM 01 | LWP | 0.10 | | 27.50 |
| | WD21 | | | | |
| 02/15/17 | CBM 01 | LWP | 0.10 | | 27.50 |
| | WD21 | | | | |
| 02/15/17 | CBM 01 | LWP | 0.30 | | 82.50 |
| | WD21 | | | | |
| 02/16/17 | CBM 01 | AES | 3.90 | | 1072.50 |
| | WD21 | | | | |
| 02/16/17 | CBM 01 | AES | 2.30 | | 632.50 |
| | WD21 | | | | |
| 02/17/17 | CBM 01 | AES | 2.00 | | 550.00 |
| | WD21 | | | | |

Central Basin Municipal Water District

03/14/17

Page 9

Client: 501817
Matter: 0001
Invoice: 464133
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 02/17/17 | CBM 01 WD21 | LWP | 0.50 | | 137.50 |
| 02/17/17 | CBM 01 WD21 | LWP | 0.30 | | 82.50 |
| 02/17/17 | CBM 01 WD21 | LWP | 2.50 | | 687.50 |
| 02/17/17 | CBM 01 WD21 | LWP | 0.30 | | 82.50 |
| 02/17/17 | CBM 01 WD21 | LWP | 0.50 | | 137.50 |
| 02/23/17 | CBM 01 WD21 | AES | 3.80 | | 1045.00 |
| 02/23/17 | CBM 01 WD21 | AES | 2.40 | | 660.00 |
| 02/23/17 | CBM 01 WD21 | LWP | 6.50 | | 1787.50 |
| 02/24/17 | CBM 01 WD21 | AES | 1.50 | | 412.50 |
| 02/24/17 | CBM 01 WD21 | LWP | 0.30 | | 82.50 |

Central Basin Municipal Water District
03/14/17
Page 10

Client: 501817
Matter: 0001
Invoice: 464133
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|----------------|--------------------|-------------------|--------------|--------------------|---------------|
| 02/24/17 | CBM 01 WD21 | LWP | 1.40 | | 385.00 |
| 02/24/17 | CBM 01 WD21 | LWP | 0.30 | | 82.50 |
| 02/24/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 02/24/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 02/24/17 | CBM 01 WD21 | LWP | 0.20 | | 55.00 |
| 02/27/17 | CBM 01 WD21 | AES | 0.40 | | 110.00 |
| TOTAL CBMWD21: | | | | | 8,525.00 |

Central Basin Municipal Water District
04/07/17
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Client: 501817
Matter: 0001
Invoice: 464823
Re: General Counsel Services

BILLING CATEGORY CBMWD12: GOVERNANCE STRUCTURE

| | | | | | |
|----------|----------------|-----|------|--|--------|
| 03/01/17 | CBM 01 WD12 | AES | 0.90 | | 247.50 |
| 03/02/17 | CBM 01 WD12 | LWP | 0.10 | | 27.50 |
| 03/03/17 | CBM 01 WD12 | LWP | 0.10 | | 27.50 |
| 03/06/17 | CBM 01 WD12 | AES | 1.20 | | 330.00 |
| 03/06/17 | CBM 01 WD12 | AES | 2.90 | | 797.50 |
| 03/06/17 | CBM 01 WD12 | AES | 0.50 | | 137.50 |

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Client: 501817
Matter: 0001
Invoice: 464823
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 03/06/17 | CBM 01 WD12 | LWP | 0.50 | | 137.50 |
| 03/06/17 | CBM 01 WD12 | LWP | 0.50 | | 137.50 |
| 03/06/17 | CBM 01 WD12 | LWP | 0.20 | | 55.00 |
| 03/06/17 | CBM 01 WD12 | LWP | 0.40 | | 110.00 |
| 03/06/17 | CBM 01 WD12 | LWP | 0.20 | | 55.00 |
| 03/06/17 | CBM 01 WD12 | LWP | 0.10 | | 27.50 |
| 03/07/17 | CBM 01 WD12 | AKD | 0.30 | | 82.50 |
| 03/07/17 | CBM 01 WD12 | LWP | 0.30 | | 82.50 |
| 03/07/17 | CBM 01 WD12 | LWP | 0.10 | | 27.50 |
| 03/10/17 | CBM 01 WD12 | AES | 0.70 | | 192.50 |
| 03/10/17 | CBM 01 WD12 | LWP | 0.30 | | 82.50 |
| 03/15/17 | CBM 01 WD12 | AES | 1.50 | | 412.50 |
| 03/17/17 | CBM 01 WD12 | AES | 0.70 | | 192.50 |
| 03/20/17 | CBM 01 WD12 | AES | 0.80 | | 220.00 |

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Client: 501817
Matter: 0001
Invoice: 464823
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 03/21/17 | CBM 01 WD12 | AES | 0.40 | | 110.00 |
| 03/22/17 | CBM 01 WD12 | AES | 1.20 | | 330.00 |
| 03/22/17 | CBM 01 WD12 | LWP | 1.20 | | 330.00 |
| 03/23/17 | CBM 01 WD12 | AES | 0.40 | | 110.00 |
| 03/24/17 | CBM 01 WD12 | AES | 0.40 | | 110.00 |

TOTAL CBMWD12:

4,372.50

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Client: 501817
Matter: 0001
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Re: General Counsel Services

BILLING CATEGORY CBMWD21: AB 1794 LAWSUIT

| | | | | | |
|----------|--------|-----|------|--|--------|
| 03/06/17 | CBM 01 | GRN | 0.20 | | 55.00 |
| | WD21 | | | | |
| 03/06/17 | CBM 01 | GRN | 0.50 | | 137.50 |
| | WD21 | | | | |
| 03/07/17 | CBM 01 | AES | 2.80 | | 770.00 |
| | WD21 | | | | |
| 03/07/17 | CBM 01 | GRN | 0.50 | | 137.50 |
| | WD21 | | | | |
| 03/07/17 | CBM 01 | GRN | 0.60 | | 165.00 |
| | WD21 | | | | |
| 03/07/17 | CBM 01 | GRN | 1.90 | | 522.50 |
| | WD21 | | | | |
| 03/07/17 | CBM 01 | LWP | 0.50 | | 137.50 |
| | WD21 | | | | |
| 03/08/17 | CBM 01 | LWP | 0.10 | | 27.50 |
| | WD21 | | | | |
| 03/08/17 | CBM 01 | LWP | 0.50 | | 137.50 |
| | WD21 | | | | |
| 03/08/17 | CBM 01 | LWP | 0.30 | | 82.50 |
| | WD21 | | | | |
| 03/09/17 | CBM 01 | AES | 0.90 | | 247.50 |
| | WD21 | | | | |
| 03/09/17 | CBM 01 | LWP | 0.10 | | 27.50 |
| | WD21 | | | | |

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Client: 501817
Matter: 0001
Invoice: 464823
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 03/09/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 03/09/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 03/09/17 | CBM 01 WD21 | LWP | 0.30 | | 82.50 |
| 03/09/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 03/09/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 03/13/17 | CBM 01 WD21 | LWP | 0.20 | | 55.00 |
| 03/13/17 | CBM 01 WD21 | LWP | 0.20 | | 55.00 |
| 03/14/17 | CBM 01 WD21 | AES | 1.60 | | 440.00 |
| 03/17/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 03/20/17 | CBM 01 WD21 | LWP | 0.90 | | 247.50 |
| 03/20/17 | CBM 01 WD21 | LWP | 0.40 | | 110.00 |
| 03/20/17 | CBM 01 WD21 | LWP | 0.20 | | 55.00 |
| 03/21/17 | CBM 01 WD21 | LWP | 0.30 | | 82.50 |
| 03/22/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 03/23/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |

or amended complaint.

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Client: 501817
Matter: 0001
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Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 03/24/17 | CBM 01 WD21 | AES | 0.90 | | 247.50 |
| 03/24/17 | CBM 01 WD21 | AES | 0.70 | | 192.50 |
| 03/26/17 | CBM 01 WD21 | GRN | 3.20 | | 880.00 |
| 03/27/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 03/27/17 | CBM 01 WD21 | GRN | 0.30 | | 82.50 |
| 03/27/17 | CBM 01 WD21 | GRN | 4.40 | | 1210.00 |
| 03/28/17 | CBM 01 WD21 | AES | 0.90 | | 247.50 |
| 03/28/17 | CBM 01 WD21 | GRN | 4.10 | | 1127.50 |
| 03/29/17 | CBM 01 WD21 | AES | 1.30 | | 357.50 |
| 03/29/17 | CBM 01 WD21 | AES | 0.80 | | 220.00 |
| 03/29/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 03/29/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 03/29/17 | CBM 01 WD21 | GRN | 0.50 | | 137.50 |
| 03/29/17 | CBM 01 WD21 | GRN | 6.40 | | 1760.00 |

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Client: 501817
Matter: 0001
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Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 03/29/17 | CBM 01 WD21 | GRN | 2.50 | | 687.50 |
| 03/29/17 | CBM 01 WD21 | GRN | 5.30 | | 1457.50 |
| 03/29/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 03/29/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 03/29/17 | CBM 01 WD21 | LWP | 0.20 | | 55.00 |
| 03/29/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 03/30/17 | CBM 01 WD21 | AES | 1.60 | | 440.00 |
| 03/30/17 | CBM 01 WD21 | AES | 1.80 | | 495.00 |
| 03/30/17 | CBM 01 WD21 | GRN | 1.70 | | 467.50 |
| 03/30/17 | CBM 01 WD21 | GRN | 7.60 | | 2090.00 |
| 03/30/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 03/30/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 03/30/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 03/30/17 | CBM 01 WD21 | GRN | 0.70 | | 192.50 |

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Client: 501817
Matter: 0001
Invoice: 464823
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 03/30/17 | CBM 01 WD21 | GRN | 0.30 | | 82.50 |
| 03/30/17 | CBM 01 WD21 | GRN | 1.20 | | 330.00 |
| 03/30/17 | CBM 01 WD21 | LWP | 1.00 | | 275.00 |
| 03/30/17 | CBM 01 WD21 | LWP | 0.20 | | 55.00 |
| 03/30/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 03/30/17 | CBM 01 WD21 | LWP | 0.30 | | 82.50 |
| 03/31/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 03/31/17 | CBM 01 WD21 | GRN | 0.30 | | 82.50 |
| 03/31/17 | CBM 01 WD21 | GRN | 2.10 | | 577.50 |
| 03/31/17 | CBM 01 WD21 | LWP | 0.30 | | 82.50 |

TOTAL CBMWD21:

18,150.00

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Client: 501817
Matter: 0001
Invoice: 466266
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
|-------------|--------------------|-------------------|--------------|--------------------|---------------|

BILLING CATEGORY CBMWD21: AB 1794 LAWSUIT

| | | | | | |
|----------|----------------|-----|------|--|--------|
| 04/03/17 | CBM 01 WD21 | AES | 2.30 | | 632.50 |
| 04/03/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 04/03/17 | CBM 01 WD21 | GRN | 0.80 | | 220.00 |
| 04/07/17 | CBM 01 WD21 | GRN | 0.30 | | 82.50 |
| 04/11/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 04/11/17 | CBM 01 WD21 | LWP | 0.20 | | 55.00 |
| 04/11/17 | CBM 01 WD21 | LWP | 0.30 | | 82.50 |
| 04/12/17 | CBM 01 WD21 | AES | 2.90 | | 797.50 |
| 04/12/17 | CBM 01 WD21 | GRN | 0.50 | | 137.50 |
| 04/12/17 | CBM 01 WD21 | GRN | 0.40 | | 110.00 |
| 04/12/17 | CBM 01 WD21 | GRN | 0.40 | | 110.00 |
| 04/12/17 | CBM 01 WD21 | GRN | 0.70 | | 192.50 |
| 04/12/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 04/12/17 | CBM 01 WD21 | LWP | 0.30 | | 82.50 |

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Client: 501817
Matter: 0001
Invoice: 466266
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 04/12/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 04/13/17 | CBM 01 WD21 | AES | 2.60 | | 715.00 |
| 04/13/17 | CBM 01 WD21 | AES | 2.80 | | 770.00 |
| 04/14/17 | CBM 01 WD21 | AES | 2.90 | | 797.50 |
| 04/14/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 04/17/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 04/17/17 | CBM 01 WD21 | LWP | 0.20 | | 55.00 |
| 04/18/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 04/18/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 04/18/17 | CBM 01 WD21 | GRN | 0.70 | | 192.50 |
| 04/18/17 | CBM 01 WD21 | LWP | 0.20 | | 55.00 |
| 04/19/17 | CBM 01 WD21 | GRN | 1.60 | | 440.00 |

Central Basin Municipal Water District

05/15/17

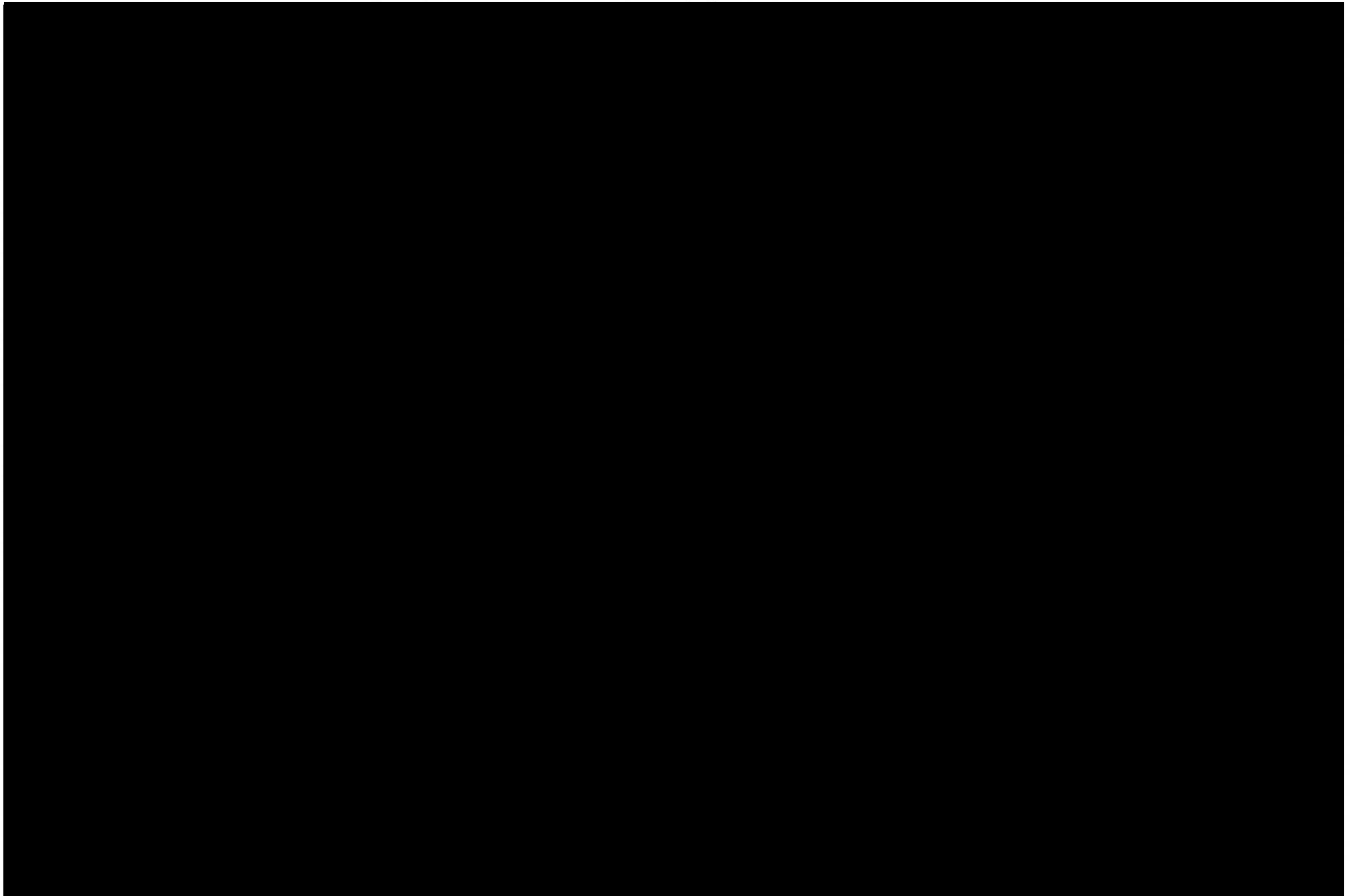
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Client: 501817
Matter: 0001
Invoice: 466266
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|----------------|--------------------|-------------------|--------------|--------------------|---------------|
| 04/19/17 | CBM 01 WD21 | GRN | 0.30 | | 82.50 |
| 04/19/17 | CBM 01 WD21 | LWP | 0.20 | | 55.00 |
| 04/25/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 04/26/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 04/26/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| TOTAL CBMWD21: | | | | | 6,050.00 |

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Client: 501817
Matter: 0001
Invoice: 467371
Re: General Counsel Services



BILLING CATEGORY CBMWD21: AB 1794 LAWSUIT

| | | | | | |
|----------|--------|-----|------|--|--------|
| 05/02/17 | CBM 01 | GRN | 0.20 | | 55.00 |
| | WD21 | | | | |
| 05/02/17 | CBM 01 | LWP | 0.10 | | 27.50 |
| | WD21 | | | | |
| 05/03/17 | CBM 01 | AES | 1.80 | | 495.00 |
| | WD21 | | | | |
| 05/03/17 | CBM 01 | GRN | 0.20 | | 55.00 |
| | WD21 | | | | |

Central Basin Municipal Water District

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Client: 501817
Matter: 0001
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Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 05/03/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 05/04/17 | CBM 01 WD21 | AES | 1.80 | | 495.00 |
| 05/04/17 | CBM 01 WD21 | GRN | 0.30 | | 82.50 |
| 05/04/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 05/04/17 | CBM 01 WD21 | GRN | 2.20 | | 605.00 |
| 05/04/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 05/04/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 05/04/17 | CBM 01 WD21 | LJB | 0.20 | | 55.00 |
| 05/05/17 | CBM 01 WD21 | AES | 2.90 | | 797.50 |
| 05/05/17 | CBM 01 WD21 | GRN | 4.10 | | 1127.50 |
| 05/05/17 | CBM 01 WD21 | GRN | 0.30 | | 82.50 |
| 05/05/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |

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Client: 501817
Matter: 0001
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Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 05/05/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 05/05/17 | CBM 01 WD21 | LWP | 0.40 | | 110.00 |
| 05/05/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 05/08/17 | CBM 01 WD21 | GRN | 0.90 | | 247.50 |
| 05/08/17 | CBM 01 WD21 | GRN | 0.30 | | 82.50 |
| 05/08/17 | CBM 01 WD21 | GRN | 0.40 | | 110.00 |
| 05/08/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 05/09/17 | CBM 01 WD21 | GRN | 0.30 | | 82.50 |
| 05/09/17 | CBM 01 WD21 | LWP | 0.20 | | 55.00 |
| 05/10/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 05/11/17 | CBM 01 WD21 | AES | 1.20 | | 330.00 |
| 05/11/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 05/11/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 05/11/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 05/11/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |

Central Basin Municipal Water District

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Client: 501817
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Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 05/12/17 | CBM 01 WD21 | AES | 0.40 | | 110.00 |
| 05/12/17 | CBM 01 WD21 | GRN | 2.40 | | 660.00 |
| 05/12/17 | CBM 01 WD21 | GRN | 0.40 | | 110.00 |
| 05/12/17 | CBM 01 WD21 | GRN | 0.40 | | 110.00 |
| 05/12/17 | CBM 01 WD21 | GRN | 1.90 | | 522.50 |
| 05/12/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 05/12/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 05/12/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 05/12/17 | CBM 01 WD21 | LWP | 0.50 | | 137.50 |
| 05/12/17 | CBM 01 WD21 | LWP | 0.40 | | 110.00 |
| 05/12/17 | CBM 01 WD21 | LWP | 1.10 | | 302.50 |
| 05/15/17 | CBM 01 WD21 | AES | 0.90 | | 247.50 |
| 05/15/17 | CBM 01 WD21 | AES | 1.30 | | 357.50 |

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Client: 501817
Matter: 0001
Invoice: 467371
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 05/15/17 | CBM 01 WD21 | GRN | 2.60 | | 715.00 |
| 05/15/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 05/15/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 05/15/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 05/15/17 | CBM 01 WD21 | GRN | 0.30 | | 82.50 |
| 05/15/17 | CBM 01 WD21 | GRN | 0.30 | | 82.50 |
| 05/15/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 05/15/17 | CBM 01 WD21 | LWP | 0.70 | | 192.50 |
| 05/15/17 | CBM 01 WD21 | LWP | 1.50 | | 412.50 |
| 05/15/17 | CBM 01 WD21 | LWP | 0.20 | | 55.00 |
| 05/15/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 05/16/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |

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Client: 501817
Matter: 0001
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Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 05/17/17 | CBM 01 WD21 | AES | 1.80 | | 495.00 |
| 05/17/17 | CBM 01 WD21 | GRN | 2.40 | | 660.00 |
| 05/17/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 05/17/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 05/17/17 | CBM 01 WD21 | LWP | 0.90 | | 247.50 |
| 05/18/17 | CBM 01 WD21 | AES | 0.60 | | 165.00 |
| 05/18/17 | CBM 01 WD21 | AES | 0.60 | | 165.00 |
| 05/18/17 | CBM 01 WD21 | GRN | 7.30 | | 2007.50 |
| 05/18/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 05/18/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 05/18/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 05/18/17 | CBM 01 WD21 | GRN | 2.60 | | 715.00 |

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Client: 501817
Matter: 0001
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Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 05/18/17 | CBM 01 WD21 | LJB | 0.20 | | 55.00 |
| 05/18/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 05/18/17 | CBM 01 WD21 | LWP | 0.30 | | 82.50 |
| 05/18/17 | CBM 01 WD21 | LWP | 0.40 | | 110.00 |
| 05/19/17 | CBM 01 WD21 | GRN | 0.60 | | 165.00 |
| 05/19/17 | CBM 01 WD21 | GRN | 0.50 | | 137.50 |
| 05/19/17 | CBM 01 WD21 | GRN | 0.40 | | 110.00 |
| 05/19/17 | CBM 01 WD21 | GRN | 3.40 | | 935.00 |
| 05/19/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 05/19/17 | CBM 01 WD21 | LWP | 0.30 | | 82.50 |
| 05/23/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |

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Client: 501817
Matter: 0001
Invoice: 467371
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|----------------|--------------------|-------------------|--------------|--------------------|---------------|
| 05/24/17 | CBM 01 WD21 | LJB | 0.30 | | 82.50 |
| 05/30/17 | CBM 01 WD21 | LJB | 0.30 | | 82.50 |
| TOTAL CBMWD21: | | | | | 16,527.50 |

BILLING CATEGORY CBMWD22: HUNTINGTON PARK LITIGATION

| | | | | | |
|----------|----------------|-----|------|--|--------|
| 05/08/17 | CBM 01 WD22 | LWP | 0.10 | | 27.50 |
| 05/08/17 | CBM 01 WD22 | LWP | 0.10 | | 27.50 |
| 05/08/17 | CBM 01 WD22 | LWP | 0.40 | | 110.00 |
| 05/10/17 | CBM 01 WD22 | AES | 2.60 | | 715.00 |
| 05/10/17 | CBM 01 WD22 | AES | 2.90 | | 797.50 |
| 05/11/17 | CBM 01 WD22 | LWP | 0.50 | | 137.50 |
| 05/11/17 | CBM 01 WD22 | LWP | 0.30 | | 82.50 |
| 05/12/17 | CBM 01 WD22 | LWP | 1.10 | | 302.50 |

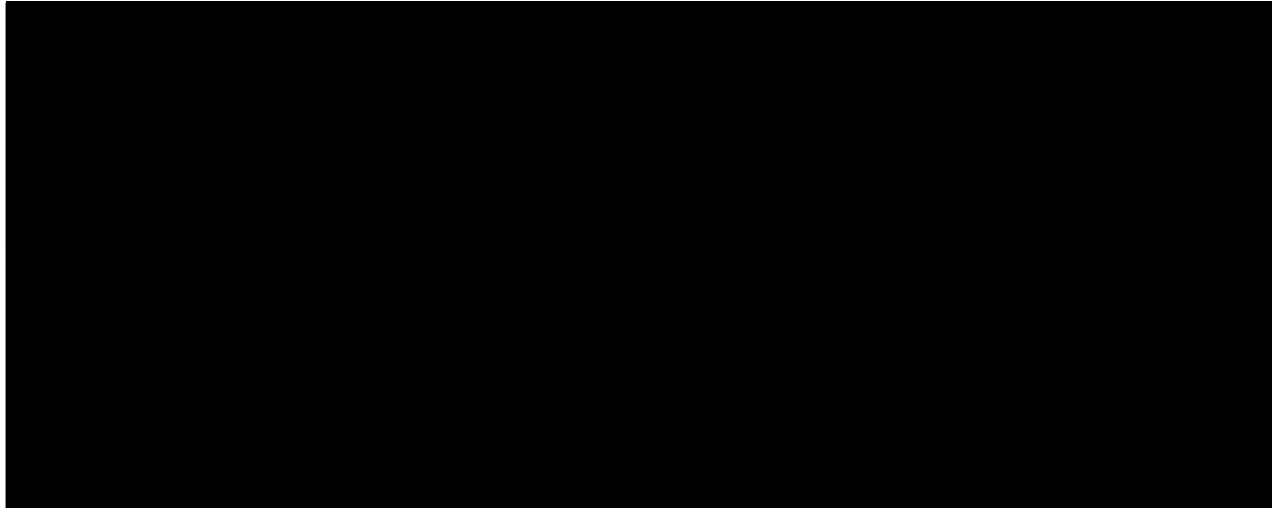
Central Basin Municipal Water District
06/14/17
Page 16

Client: 501817
Matter: 0001
Invoice: 467371
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|----------------|--------------------|-------------------|--------------|--------------------|---------------|
| 05/12/17 | CBM 01 WD22 | LWP | 0.20 | | 55.00 |
| 05/12/17 | CBM 01 WD22 | LWP | 0.10 | | 27.50 |
| 05/12/17 | CBM 01 WD22 | LWP | 0.10 | | 27.50 |
| 05/19/17 | CBM 01 WD22 | AES | 0.70 | | 192.50 |
| 05/19/17 | CBM 01 WD22 | GRN | 0.30 | | 82.50 |
| 05/19/17 | CBM 01 WD22 | LWP | 0.10 | | 27.50 |
| 05/24/17 | CBM 01 WD22 | LWP | 0.10 | | 27.50 |
| 05/24/17 | CBM 01 WD22 | LWP | 0.10 | | 27.50 |
| 05/26/17 | CBM 01 WD22 | LWP | 0.10 | | 27.50 |
| 05/31/17 | CBM 01 WD22 | GRN | 0.10 | | 27.50 |
| 05/31/17 | CBM 01 WD22 | GRN | 0.30 | | 82.50 |
| TOTAL CBMWD22: | | | | | 2,805.00 |

Central Basin Municipal Water District
07/05/17
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Client: 501817
Matter: 0001
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Re: General Counsel Services



BILLING CATEGORY CBMWD21: AB 1794 LAWSUIT

| | | | | | |
|----------|----------------|-----|------|--|--------|
| 06/07/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 06/15/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 06/16/17 | CBM 01 WD21 | GRN | 0.50 | | 137.50 |
| 06/16/17 | CBM 01 WD21 | GRN | 0.30 | | 82.50 |
| 06/16/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 06/21/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 06/21/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 06/23/17 | CBM 01 WD21 | GRN | 0.30 | | 82.50 |
| 06/23/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |

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Client: 501817
 Matter: 0001
 Invoice: 468077
 Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|----------------|--------------------|-------------------|--------------|--------------------|---------------|
| 06/24/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 06/24/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 06/25/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 06/26/17 | CBM 01 WD21 | AES | 0.40 | | 110.00 |
| 06/26/17 | CBM 01 WD21 | GRN | 0.30 | | 82.50 |
| 06/26/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 06/26/17 | CBM 01 WD21 | GRN | 0.40 | | 110.00 |
| 06/26/17 | CBM 01 WD21 | GRN | 3.80 | | 1045.00 |
| 06/26/17 | CBM 01 WD21 | GRN | 1.10 | | 302.50 |
| 06/26/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 06/27/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 06/27/17 | CBM 01 WD21 | GRN | 1.40 | | 385.00 |
| 06/30/17 | CBM 01 WD21 | GRN | 0.30 | | 82.50 |
| 06/30/17 | CBM 01 WD21 | GRN | 0.60 | | 165.00 |
| TOTAL CBMWD21: | | | | | 2,970.00 |

BILLING CATEGORY CBMWD22: HUNTINGTON PARK LITIGATION

| | | | | | |
|----------|----------------|-----|------|--|-------|
| 06/01/17 | CBM 01 WD22 | GRN | 0.30 | | 82.50 |
|----------|----------------|-----|------|--|-------|

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Client: 501817
Matter: 0001
Invoice: 468077
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 06/04/17 | CBM 01 WD22 | GRN | 0.80 | | 220.00 |
| 06/05/17 | CBM 01 WD22 | GRN | 1.20 | | 330.00 |
| 06/05/17 | CBM 01 WD22 | GRN | 0.30 | | 82.50 |
| 06/05/17 | CBM 01 WD22 | LWP | 0.30 | | 82.50 |
| 06/06/17 | CBM 01 WD22 | GRN | 0.30 | | 82.50 |
| 06/06/17 | CBM 01 WD22 | GRN | 0.10 | | 27.50 |
| 06/07/17 | CBM 01 WD22 | GRN | 1.40 | | 385.00 |
| 06/07/17 | CBM 01 WD22 | GRN | 2.90 | | 797.50 |
| 06/07/17 | CBM 01 WD22 | LWP | 1.10 | | 302.50 |
| 06/08/17 | CBM 01 WD22 | GRN | 9.20 | | 2530.00 |
| 06/09/17 | CBM 01 WD22 | AES | 1.20 | | 330.00 |
| 06/09/17 | CBM 01 WD22 | AES | 0.70 | | 192.50 |

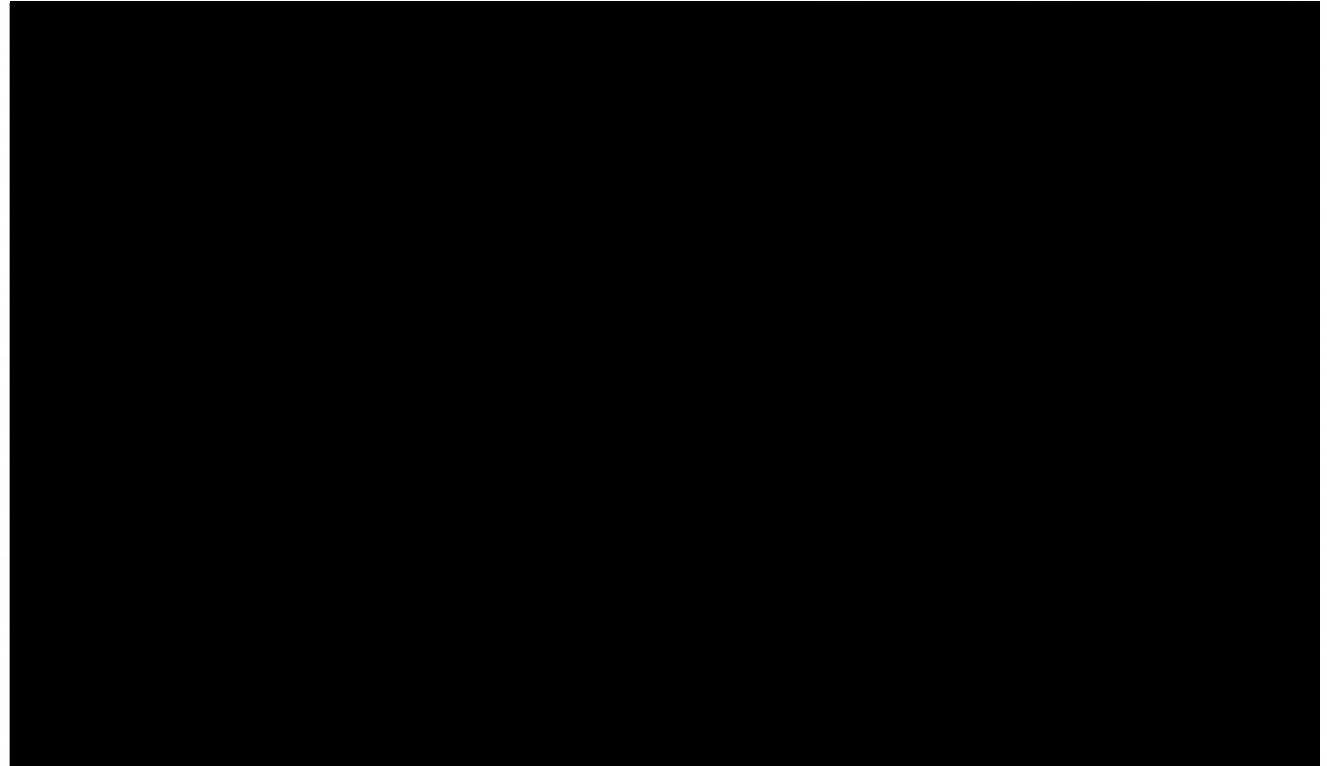
Central Basin Municipal Water District
07/05/17
Page 16

Client: 501817
Matter: 0001
Invoice: 468077
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|----------------|--------------------|-------------------|--------------|--------------------|---------------|
| 06/09/17 | CBM 01 WD22 | AES | 1.30 | | 357.50 |
| 06/09/17 | CBM 01 WD22 | GRN | 3.70 | | 1017.50 |
| 06/09/17 | CBM 01 WD22 | GRN | 3.60 | | 990.00 |
| 06/09/17 | CBM 01 WD22 | GRN | 0.20 | | 55.00 |
| 06/09/17 | CBM 01 WD22 | LWP | 1.20 | | 330.00 |
| 06/11/17 | CBM 01 WD22 | GRN | 2.50 | | 687.50 |
| 06/12/17 | CBM 01 WD22 | GRN | 2.30 | | 632.50 |
| 06/12/17 | CBM 01 WD22 | GRN | 1.30 | | 357.50 |
| 06/12/17 | CBM 01 WD22 | GRN | 0.10 | | 27.50 |
| 06/13/17 | CBM 01 WD22 | GRN | 0.10 | | 27.50 |
| 06/13/17 | CBM 01 WD22 | LWP | 0.20 | | 55.00 |
| 06/20/17 | CBM 01 WD22 | AES | 1.80 | | 495.00 |
| TOTAL CBMWD22: | | | | | 10,477.50 |

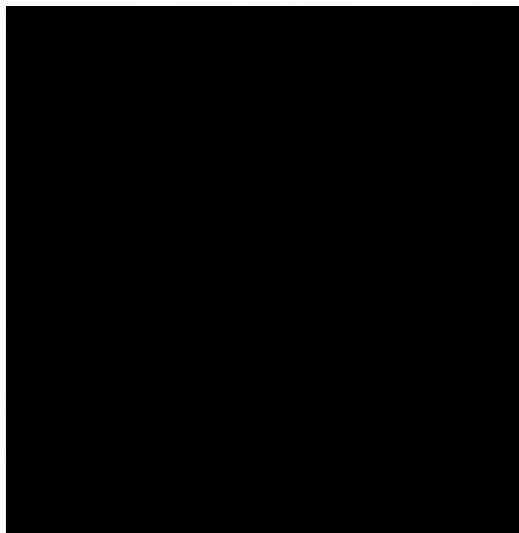
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08/08/17
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Client: 501817
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Invoice: 469578
Re: General Counsel Services



BILLING CATEGORY CBMWD21: AB 1794 LAWSUIT

| | | | | | |
|----------|--------|-----|------|--|--------|
| 07/07/17 | CBM 01 | GRN | 0.20 | | 55.00 |
| | WD21 | | | | |
| 07/07/17 | CBM 01 | GRN | 0.10 | | 27.50 |
| | WD21 | | | | |
| 07/12/17 | CBM 01 | GRN | 0.20 | | 55.00 |
| | WD21 | | | | |
| 07/13/17 | CBM 01 | AES | 0.40 | | 110.00 |
| | WD21 | | | | |
| 07/13/17 | CBM 01 | LWP | 0.60 | | 165.00 |
| | WD21 | | | | |



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Client: 501817
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Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 07/14/17 | CBM 01 WD21 | LWP | 0.80 | | 220.00 |
| 07/14/17 | CBM 01 WD21 | LWP | 1.20 | | 330.00 |
| 07/14/17 | CBM 01 WD21 | LWP | 0.20 | | 55.00 |
| 07/14/17 | CBM 01 WD21 | LWP | 0.20 | | 55.00 |
| 07/14/17 | CBM 01 WD21 | LWP | 0.70 | | 192.50 |
| 07/17/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 07/21/17 | CBM 01 WD21 | AES | 0.40 | | 110.00 |
| 07/21/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 07/23/17 | CBM 01 WD21 | GRN | 0.50 | | 137.50 |
| 07/24/17 | CBM 01 WD21 | AES | 0.40 | | 110.00 |
| 07/24/17 | CBM 01 WD21 | AES | 0.40 | | 110.00 |
| 07/24/17 | CBM 01 WD21 | GRN | 1.80 | | 495.00 |
| 07/24/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 07/24/17 | CBM 01 WD21 | GRN | 0.30 | | 82.50 |

Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant
"7. Documentation"

Central Basin Municipal Water District
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Client: 501817
Matter: 0001
Invoice: 469578
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|----------------|--------------------|-------------------|--------------|--------------------|---------------|
| 07/28/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 07/28/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 07/30/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 07/31/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| TOTAL CBMWD21: | | | | | 2,585.00 |

BILLING CATEGORY CBMWD22: HUNTINGTON PARK LITIGATION

| | | | | | |
|----------|----------------|-----|------|--|--------|
| 07/17/17 | CBM 01 WD22 | GRN | 0.70 | | 192.50 |
| 07/17/17 | CBM 01 WD22 | LWP | 0.70 | | 192.50 |
| 07/18/17 | CBM 01 WD22 | AES | 2.40 | | 660.00 |
| 07/18/17 | CBM 01 WD22 | AES | 2.60 | | 715.00 |
| 07/18/17 | CBM 01 WD22 | GRN | 0.70 | | 192.50 |
| 07/18/17 | CBM 01 WD22 | LWP | 0.80 | | 220.00 |
| 07/19/17 | CBM 01 WD22 | AES | 0.70 | | 192.50 |
| 07/19/17 | CBM 01 WD22 | AES | 2.40 | | 660.00 |

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Client: 501817
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Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 07/19/17 | CBM 01 WD22 | GRN | 0.40 | | 110.00 |
| 07/19/17 | CBM 01 WD22 | GRN | 2.90 | | 797.50 |
| 07/19/17 | CBM 01 WD22 | GRN | 3.20 | | 880.00 |
| 07/20/17 | CBM 01 WD22 | AES | 0.60 | | 165.00 |
| 07/20/17 | CBM 01 WD22 | GRN | 11.40 | | 3135.00 |
| 07/20/17 | CBM 01 WD22 | GRN | 0.10 | | 27.50 |
| 07/20/17 | CBM 01 WD22 | LWP | 0.60 | | 165.00 |
| 07/20/17 | CBM 01 WD22 | LWP | 0.20 | | 55.00 |
| 07/21/17 | CBM 01 WD22 | GRN | 1.20 | | 330.00 |
| 07/21/17 | CBM 01 WD22 | GRN | 2.20 | | 605.00 |
| 07/21/17 | CBM 01 WD22 | GRN | 1.90 | | 522.50 |
| 07/24/17 | CBM 01 WD22 | AES | 0.30 | | 82.50 |
| 07/24/17 | CBM 01 WD22 | GRN | 0.10 | | 27.50 |
| 07/25/17 | CBM 01 WD22 | AES | 0.30 | | 82.50 |
| 07/25/17 | CBM 01 WD22 | GRN | 0.20 | | 55.00 |
| 07/26/17 | CBM 01 WD22 | AES | 1.70 | | 467.50 |

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Client: 501817
Matter: 0001
Invoice: 469578
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 07/26/17 | CBM 01 WD22 | AES | 1.90 | | 522.50 |
| 07/26/17 | CBM 01 WD22 | GRN | 0.30 | | 82.50 |
| 07/27/17 | CBM 01 WD22 | GRN | 0.30 | | 82.50 |
| 07/27/17 | CBM 01 WD22 | GRN | 0.40 | | 110.00 |
| 07/27/17 | CBM 01 WD22 | LWP | 1.30 | | 357.50 |
| 07/28/17 | CBM 01 WD22 | AES | 1.60 | | 440.00 |
| 07/28/17 | CBM 01 WD22 | AM2 | 1.10 | | 302.50 |
| 07/28/17 | CBM 01 WD22 | GRN | 0.40 | | 110.00 |
| 07/28/17 | CBM 01 WD22 | GRN | 0.30 | | 82.50 |
| 07/28/17 | CBM 01 WD22 | GRN | 0.30 | | 82.50 |
| 07/28/17 | CBM 01 WD22 | GRN | 0.10 | | 27.50 |
| 07/28/17 | CBM 01 WD22 | GRN | 0.30 | | 82.50 |
| 07/28/17 | CBM 01 WD22 | GRN | 0.30 | | 82.50 |
| 07/28/17 | CBM 01 WD22 | GRN | 0.50 | | 137.50 |

Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant
"7. Documentation"

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Client: 501817
Matter: 0001
Invoice: 469578
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|----------------|--------------------|-------------------|--------------|--------------------|---------------|
| 07/28/17 | CBM 01 WD22 | LWP | 0.50 | | 137.50 |
| 07/28/17 | CBM 01 WD22 | LWP | 0.30 | | 82.50 |
| 07/28/17 | CBM 01 WD22 | LWP | 0.80 | | 220.00 |
| 07/28/17 | CBM 01 WD22 | LWP | 0.20 | | 55.00 |
| 07/28/17 | CBM 01 WD22 | LWP | 0.20 | | 55.00 |
| 07/30/17 | CBM 01 WD22 | GRN | 0.20 | | 55.00 |
| 07/31/17 | CBM 01 WD22 | AES | 0.40 | | 110.00 |
| 07/31/17 | CBM 01 WD22 | GRN | 0.30 | | 82.50 |
| TOTAL CBMWD22: | | | | | 13,832.50 |

Client: 501817
Matter: 0001
Invoice: 471086
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
|-------------|--------------------|-------------------|--------------|--------------------|---------------|

BILLING CATEGORY CBMWD21: AB 1794 LAWSUIT

| | | | | | | |
|----------|-------------|----|-----|------|--|--------|
| 08/01/17 | CBM WD21 | 01 | GRN | 0.30 | | 82.50 |
| 08/02/17 | CBM WD21 | 01 | AES | 0.40 | | 110.00 |
| 08/02/17 | CBM WD21 | 01 | GRN | 0.20 | | 55.00 |
| 08/08/17 | CBM WD21 | 01 | GRN | 0.30 | | 82.50 |

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Client: 501817
Matter: 0001
Invoice: 471086
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 08/14/17 | CBM 01 WD21 | AES | 0.60 | | 165.00 |
| 08/15/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 08/15/17 | CBM 01 WD21 | GRN | 0.70 | | 192.50 |
| 08/16/17 | CBM 01 WD21 | GRN | 0.50 | | 137.50 |
| 08/17/17 | CBM 01 WD21 | LWP | 0.20 | | 55.00 |
| 08/18/17 | CBM 01 WD21 | CTD | 0.20 | | 38.00 |
| 08/18/17 | CBM 01 WD21 | LWP | 0.10 | | 27.50 |
| 08/24/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 08/25/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |
| 08/25/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 08/28/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 08/29/17 | CBM 01 WD21 | CTD | 0.20 | | 38.00 |
| 08/29/17 | CBM 01 WD21 | GRN | 0.10 | | 27.50 |
| 08/31/17 | CBM 01 WD21 | GRN | 0.20 | | 55.00 |

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Client: 501817
Matter: 0001
Invoice: 471086
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-----------------------|--------------------|-------------------|--------------|--------------------|-----------------|
| TOTAL CBMWD21: | | | | | 1,286.00 |

BILLING CATEGORY CBMWD22: HUNTINGTON PARK LITIGATION

| | | | | | |
|----------|----------------|-----|------|--|--------|
| 08/01/17 | CBM 01 WD22 | GRN | 0.20 | | 55.00 |
| 08/03/17 | CBM 01 WD22 | AES | 0.40 | | 110.00 |
| 08/03/17 | CBM 01 WD22 | AM2 | 0.30 | | 82.50 |
| 08/03/17 | CBM 01 WD22 | GRN | 0.10 | | 27.50 |
| 08/03/17 | CBM 01 WD22 | LWP | 0.10 | | 27.50 |
| 08/04/17 | CBM 01 WD22 | AM2 | 0.40 | | 110.00 |
| 08/06/17 | CBM 01 WD22 | AM2 | 0.50 | | 137.50 |
| 08/07/17 | CBM 01 WD22 | GRN | 1.10 | | 302.50 |
| 08/07/17 | CBM 01 WD22 | LWP | 0.20 | | 55.00 |
| 08/08/17 | CBM 01 WD22 | AES | 0.40 | | 110.00 |
| 08/08/17 | CBM 01 WD22 | GRN | 1.20 | | 330.00 |
| 08/09/17 | CBM 01 WD22 | GRN | 0.30 | | 82.50 |

Central Basin Municipal Water District
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Client: 501817
Matter: 0001
Invoice: 471086
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 08/10/17 | CBM 01 WD22 | GRN | 0.20 | | 55.00 |
| 08/10/17 | CBM 01 WD22 | GRN | 0.10 | | 27.50 |
| 08/10/17 | CBM 01 WD22 | GRN | 0.40 | | 110.00 |
| 08/11/17 | CBM 01 WD22 | AES | 0.60 | | 165.00 |
| 08/11/17 | CBM 01 WD22 | AES | 0.60 | | 165.00 |
| 08/11/17 | CBM 01 WD22 | GRN | 0.30 | | 82.50 |
| 08/11/17 | CBM 01 WD22 | GRN | 0.20 | | 55.00 |
| 08/11/17 | CBM 01 WD22 | GRN | 0.20 | | 55.00 |
| 08/11/17 | CBM 01 WD22 | GRN | 0.60 | | 165.00 |
| 08/11/17 | CBM 01 WD22 | GRN | 0.20 | | 55.00 |
| 08/11/17 | CBM 01 WD22 | GRN | 0.20 | | 55.00 |
| 08/14/17 | CBM 01 WD22 | GRN | 0.20 | | 55.00 |
| 08/15/17 | CBM 01 WD22 | GRN | 0.10 | | 27.50 |

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Client: 501817
Matter: 0001
Invoice: 471086
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--|---------------|
| 08/23/17 | CBM 01 WD22 | GRN | 0.10 | Coordinate with J. Robbins to have her serve conformed copy of stipulation and order to continue trial setting conference to December 15. | 27.50 |

TOTAL CBMWD22:

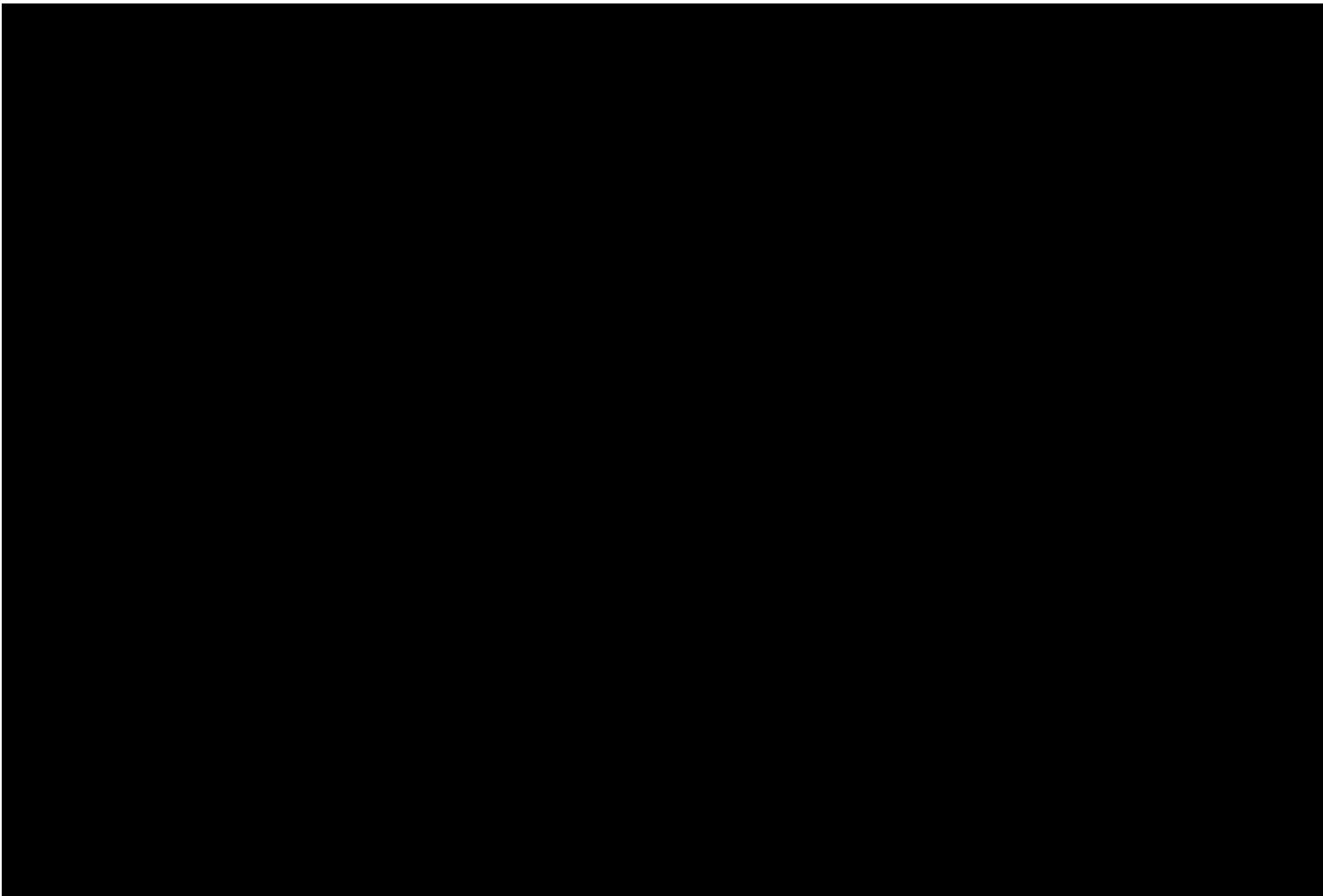
2,530.00

Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant
"7. Documentation"

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Client: 501817
Matter: 0001
Invoice: 472252
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
|-------------|--------------------|-------------------|--------------|--------------------|---------------|



BILLING CATEGORY CBMWD22: HUNTINGTON PARK LITIGATION

| | | | | | |
|----------|----------------|-----|------|--|--------|
| 08/03/17 | CBM 01 WD22 | LWP | 0.10 | | 27.50 |
| 09/05/17 | CBM 01 WD22 | AES | 0.30 | | 82.50 |
| 09/15/17 | CBM 01 WD22 | AES | 2.90 | | 797.50 |

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Client: 501817
Matter: 0001
Invoice: 472252
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 09/15/17 | CBM 01 WD22 | GRN | 0.30 | | 82.50 |
| 09/18/17 | CBM 01 WD22 | AES | 2.70 | | 742.50 |
| 09/18/17 | CBM 01 WD22 | AM2 | 2.00 | | 550.00 |
| 09/18/17 | CBM 01 WD22 | GRN | 0.30 | | 82.50 |
| 09/18/17 | CBM 01 WD22 | LWP | 1.10 | | 302.50 |
| 09/18/17 | CBM 01 WD22 | LWP | 0.30 | | 82.50 |
| 09/18/17 | CBM 01 WD22 | LWP | 0.30 | | 82.50 |
| 09/18/17 | CBM 01 WD22 | LWP | 0.30 | | 82.50 |
| 09/19/17 | CBM 01 WD22 | AES | 0.40 | | 110.00 |
| 09/19/17 | CBM 01 WD22 | AM2 | 4.00 | | 1100.00 |
| 09/19/17 | CBM 01 WD22 | GRN | 1.20 | | 330.00 |

Central Basin Municipal Water District
10/13/17
Page 8

Client: 501817
Matter: 0001
Invoice: 472252
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 09/19/17 | CBM 01 WD22 | LWP | 0.10 | | 27.50 |
| 09/19/17 | CBM 01 WD22 | LWP | 0.20 | | 55.00 |
| 09/20/17 | CBM 01 WD22 | AES | 1.90 | | 522.50 |
| 09/20/17 | CBM 01 WD22 | AES | 1.60 | | 440.00 |
| 09/20/17 | CBM 01 WD22 | AES | 1.70 | | 467.50 |
| 09/20/17 | CBM 01 WD22 | AM2 | 3.50 | | 962.50 |
| 09/20/17 | CBM 01 WD22 | GRN | 0.20 | | 55.00 |
| 09/20/17 | CBM 01 WD22 | GRN | 2.40 | | 660.00 |
| 09/20/17 | CBM 01 WD22 | LWP | 0.40 | | 110.00 |
| 09/20/17 | CBM 01 WD22 | LWP | 0.10 | | 27.50 |
| 09/20/17 | CBM 01 WD22 | LWP | 0.80 | | 220.00 |
| 09/21/17 | CBM 01 WD22 | AES | 1.90 | | 522.50 |

Central Basin Municipal Water District
10/13/17
Page 9

Client: 501817
Matter: 0001
Invoice: 472252
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-------------|--------------------|-------------------|--------------|--------------------|---------------|
| 09/21/17 | CBM 01 WD22 | AES | 1.40 | | 385.00 |
| 09/21/17 | CBM 01 WD22 | AM2 | 5.00 | | 1375.00 |
| 09/21/17 | CBM 01 WD22 | GRN | 4.60 | | 1265.00 |
| 09/21/17 | CBM 01 WD22 | GRN | 0.40 | | 110.00 |
| 09/21/17 | CBM 01 WD22 | LWP | 0.80 | | 220.00 |
| 09/22/17 | CBM 01 WD22 | AES | 0.90 | | 247.50 |
| 09/22/17 | CBM 01 WD22 | AES | 0.80 | | 220.00 |
| 09/22/17 | CBM 01 WD22 | AES | 0.90 | | 247.50 |
| 09/22/17 | CBM 01 WD22 | AM2 | 1.00 | | 275.00 |
| 09/22/17 | CBM 01 WD22 | GRN | 0.10 | | 27.50 |
| 09/22/17 | CBM 01 WD22 | GRN | 4.60 | | 1265.00 |
| 09/22/17 | CBM 01 WD22 | GRN | 3.40 | | 935.00 |

Central Basin Municipal Water District
10/13/17
Page 10

Client: 501817
Matter: 0001
Invoice: 472252
Re: General Counsel Services

| <u>Date</u> | <u>Task/Action</u> | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u> | <u>Amount</u> |
|-----------------------|--------------------|-------------------|--------------|--------------------|------------------|
| 09/22/17 | CBM 01 WD22 | LWP | 0.60 | | 165.00 |
| 09/22/17 | CBM 01 WD22 | LWP | 0.20 | | 55.00 |
| 09/22/17 | CBM 01 WD22 | LWP | 0.20 | | 55.00 |
| 09/23/17 | CBM 01 WD22 | GRN | 1.60 | | 440.00 |
| 09/23/17 | CBM 01 WD22 | LWP | 0.50 | | 137.50 |
| TOTAL CBMWD22: | | | | | 15,950.00 |

Section 5 (A) 5.

INVOICE
 E13025



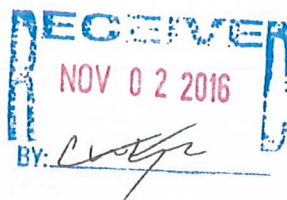
| | | | | |
|---|-----------------------------------|--------------------------------|----------------------------------|-------------------|
| Client/Organization Central Basin Municipal Water District | Event Date 9/28/2016 (Wed) | Telephone (323) 201-5511 | Fax (310) 614-7331 | Event # E13025 |
| Address 6252 Telegraph Road, Commerce, CA 90040 | Booking Contact Tammy Hierlihy | Site Contact Tammy Hierlihy | Guests b/b (Pln) | |
| Party Name purveyors luncheon | Sales Rep Rita DeBenedictis | P.O. # | Party Name purveyors luncheon | |

Services Provided at:

Central Basin Municipal Water District 6252 Telegraph Road Commerce, CA

| Food/Service Items | | | |
|--|-------|-----|---------------|
| Food/Service Items | Price | Qty | Total |
| Deluxe Sandwich Platter (serves 10) = 60 Sandwiches Your choice of three types of sandwiches Turkey, Ham, Chicken Salad, Roast Beef & Vegetarian Includes 20 Sandwiches on 3" Rolls, white or wheat 20 - Roast Beef 20 - Turkey 20 - Vegetarian | 42.00 | 3 | 126.00 |
| Garden Salad (serves 10) with Ranch Dressing (2 orders) | 18.00 | 2 | 36.00 |
| Seasonal Fresh Fruit 16" Tray - Serves up to 20 (1 Tray) | 38.00 | 1 | 38.00 |
| Fresh Baked Cookies (3 Dozen) An assortment of fresh baked cookies, including Chocolate Chip, Oatmeal Raisin, Double Chocolate, White Chocolate Peanut Butter, Sugar & More | 7.00 | 3 | 21.00 |
| Delivery | 17.00 | 1 | 17.00 |
| Sub-total: | | | 238.00 |
| Sales Tax: | | | 21.42 |
| Serv.Chg: | | | 0.00 |
| Deposits: | | | 0.00 |
| Balance Due: | | | 259.42 |

Thank you for allowing us the opportunity to serve your event



INVOICE
 E13182 ✓

| | | | | |
|---|--------------------------------|-----------------------------------|----------------------------------|---------------------|
| Client/Organization Central Basin Municipal Water District | Event Date 10/26/2016 (Wed) | Telephone (323) 201-5511 | Fax (310) 614-7331 | Event # E13182 |
| Address 6252 Telegraph Road, Commerce, CA 90040 | | Booking Contact Tammy Hierlihy | Site Contact Tammy Hierlihy | Guests b/b (Pln) |
| Party Name purveyors luncheon | Sales Rep Rita DeBenedictis | P.O. # | Party Name purveyors luncheon | |

Services Provided at:

Central Basin Municipal Water District 6252 Telegraph Road Commerce, CA

| Food/Service Items | Price | Qty | Total |
|--|-------|-----|--------|
| Deluxe Sandwich Platter (serves 10) = 60 Sandwiches Your choice of three types of sandwiches Turkey, Ham, Chicken Salad, Roast Beef & Vegetarian Includes 20 Sandwiches on 3" Rolls, white or wheat 20 - Roast Beef 20 - Turkey 20 - Ham | 42.00 | 3 | 126.00 |
| Garden Salad (serves 10) with Ranch Dressing (2 orders) | 18.00 | 2 | 36.00 |
| Seasonal Fresh Fruit 16" Tray - Serves up to 20 (2 Trays) | 38.00 | 2 | 76.00 |
| Fresh Baked Cookies (4 Dozen) An assortment of fresh baked cookies, including Chocolate Chip, Oatmeal Raisin, Double Chocolate, White Chocolate Peanut Butter, Sugar & More | 7.00 | 4 | 28.00 |
| Delivery | 17.00 | 1 | 17.00 |

INVOICE AUTHORIZED

Dept. Manager Tammy Hierlihy
 Project Manager [Signature]
 P.O. No. 2017-231 closed ☒ yes ☐ no
 Contract No. _____
 Project No. _____

1-55-550.55009.

Sub-total: 283.00
 Sales Tax: 25.47
 Serv.Chg: 0.00
 Deposits: 0.00

Balance Due: 308.47

Thank you for allowing us the opportunity to serve your event

Subway#45819-0 Phone 323-721-8200
 130 E Washington blvd please take our
 Commerce, CA, 90040
 Served by: Claudi 11/16/2016 10:34:44 a
 Term ID-Trans# 1/A-254836

| Qty | Size | Item | Price |
|------------------|------|--------------------|--------|
| 3 | | Extra Large SndPlt | 180.00 |
| 2 | | 36 Cookie Platter | 36.00 |
| Sub Total | | | 216.00 |
| Taxable Amount | | | 0.00 |
| Sales Tax (9.5%) | | | 0.00 |
| Total (Take Out) | | | 216.00 |
| Credit Card | | | 216.00 |
| Change | | | 0.00 |

Call us with your Comments
 Phone (800)888-4848

Approval No: 442338
 Reference No: 632118053432
 Card Issuer: Visa
 Account No: *****2934
 Acquired: Manual
 Amount: \$216.00
 Date/Time: 11/16/2016 10:34:44 AM

Signature: _____

I agree to pay above total amount
 according to the Card Issuer Agreement.

CUSTOMER COPY

Hot Order ID: 624-315-1628679

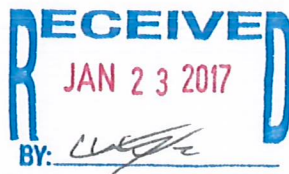
Thanks for visiting Subway. Please let
 us know how we did today by taking our
 1 minute survey at www.tellsubway.com

Lunch for November
 Purveyor Workshop
 From Subway.
 Charged on Finance
 Credit Card. *AYL*



INVOICE AUTHORIZED

Project Manager *Phan*
 P.O. No. 2517-251 closed ☒ Yes ☐ No
 Contract No. _____
 Project No. _____
 1-55-550.55009 (3)



INVOICE
 E13387

| | | | | |
|---|--------------------------------|---------------------------------|------------------------------|--------------------|
| Client/Organization Central Basin Municipal Water District | Event Date 12/6/2016 (Tue) | Telephone (323) 201-5511 | Fax (310) 614-7331 | Event # E13387 |
| Address 6252 Telegraph Road, Commerce, CA 90040 | | Booking Contact Chris Lingad | Site Contact Chris Lingad | Guests BB (Pln) |
| Party Name Meeting | Sales Rep Rita DeBenedictis | P.O. # | Party Name Meeting | |

Services Provided at:

Central Basin Municipal Water District 6252 Telegraph Road Commerce, CA 90040

| Food/Service Items | Price | Qty | Total |
|--------------------|-------|-----|--------|
| Budget Box Lunch | 5.40 | 40 | 216.00 |
| Wheat Roll | | | |

3 - Ham & Cheese with Whole Apple
 3 - Chicken Salad (no nuts) with Whole Apple
 3 - Tuna with Whole Apple
 2 - Vegetarian with Whole Apple

3 - Ham & Cheese with Bag of Chips
 3 - Chicken Salad (no nuts) with Bag of Chips
 2 - Tuna with Bag of Chips
 2 - Vegetarian with Bag of Chips

Fresh Baked Cookies

Budget Box Lunch
 White Roll

3 - Ham & Cheese with Whole Apple
 3 - Chicken Salad (no nuts) with Whole Apple
 3 - Tuna with Whole Apple
 1 - Vegetarian with Whole Apple

3 - Ham & Cheese with Bag of Chips
 3 - Chicken Salad (no nuts) with Bag of Chips
 2 - Tuna with Bag of Chips
 1 - Vegetarian with Bag of Chips

Fresh Baked Cookies

| | | | |
|------------------------|-------|---|-------|
| Delivery Charge | 17.00 | 1 | 17.00 |
| 1/23/2017 - 2:07:39 PM | | | |

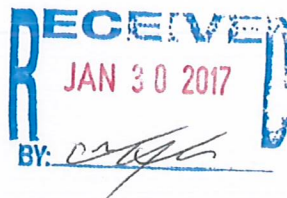
9306 East Firestone Boulevard, Downey, CA 90241
 Telephone: (562) 940-4494 Toll Free: (888) 888-9292 Fax: (562) 940-0835

E13387 - Central Basin Municipal Water District

| | |
|------------|--------|
| Sub-total: | 233.00 |
| Sales Tax: | 20.97 |
| Serv.Chg: | 0.00 |
| Deposits: | 0.00 |

Balance Due: 253.97 /

Thank you for allowing us the opportunity to serve your event



INVOICE
 E13605

| | | | | |
|---|--------------------------------|---------------------------------|------------------------------|-------------------------|
| Client/Organization Central Basin Municipal Water District | Event Date 1/25/2017 (Wed) | Telephone (323) 201-5511 | Fax (310) 614-7331 | Event # E13605 |
| Address 6252 Telegraph Road, Commerce, CA 90040 | | Booking Contact Chris Lingad | Site Contact Chris Lingad | Guests BB - 40 (Pln) |
| Party Name Meeting | Sales Rep Rita DeBenedictis | P.O. # | Party Name Meeting | |

Services Provided at:

Central Basin Municipal Water District 6252 Telegraph Road Commerce, CA 90040

| Food/Service Items | | | |
|--|-------|-----|--------|
| Food/Service Items | Price | Qty | Total |
| Deluxe Sandwich Platter (serves 10) (4 orders) Your choice of three types of sandwiches Turkey, Ham, Chicken Salad, Roast Beef & Vegetarian Includes 20 Sandwiches on 3" Rolls, white or wheat 20 - Roast Beef 20 - Turkey 20 - Ham 20 - Chicken Nut | 42.00 | 4 | 168.00 |
| Garden Salad (serves 10) with Ranch Dressing (2 orders) | 18.00 | 2 | 36.00 |
| Seasonal Fresh Fruit 16" Tray - Serves up to 20 (1 order) | 38.00 | 1 | 38.00 |
| Fresh Baked Cookies (5 dozen) | 7.00 | 5 | 35.00 |

INVOICE AUTHORIZED

Dept. Manager Henry Hwang
 Project Manager Chris Lingad
 P.O. No. 2017-345 closed ☒ yes ☐ no
 Contract No. _____
 Project No. _____

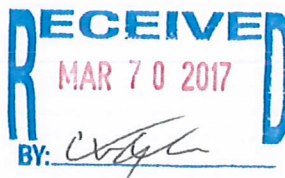
Sub-total: 277.00
 Sales Tax: 24.93
 Serv.Chg: 17.00

Deposits: 0.00

Balance Due: **318.93**

1-55-550-55009

Thank you for allowing us the opportunity to serve your event



INVOICE
 E13757

| | | | | |
|---|--------------------------------|---------------------------------|---------------------------------------|---------------------|
| Client/Organization Central Basin Municipal Water District | Event Date 2/22/2017 (Wed) | Telephone (323) 201-5511 | Fax (310) 614-7331 | Event # E13757 ✓ |
| Address 6252 Telegraph Road, Commerce, CA 90040 | | Booking Contact Chris Lingad | Site Contact Chris Lingad | Guests BB (Pln) |
| Party Name Central Basin MWD Purveyor Works | Sales Rep Rita DeBenedictis | P.O. # | Party Name Central Basin MWD Purve | |

Services Provided at:

Central Basin Municipal Water District 6252 Telegraph Road Commerce, CA 90040

| Food/Service Items | Price | Qty | Total |
|---|-------|-----|--------|
| Deluxe Sandwich Platter (3 Orders, Serve 30 Total) | 42.00 | 3 | 126.00 |
| Includes 60 Sandwiches on 3" Rolls | | | |
| 20 - Turkey | | | |
| 40 - Chicken Nut | | | |
| Garden Salad (2 Orders, Serve 20 Total) | 18.00 | 2 | 36.00 |
| Ranch Dressing | | | |
| Seasonal Fresh Fruit 16" Tray - Serves up to 20 (1 Order) | 38.00 | 1 | 38.00 |
| Fresh Baked Cookies (4 Dozens) | 7.00 | 4 | 28.00 |
| Delivery Charge | 17.00 | 1 | 17.00 |

INVOICE AUTHORIZED

Dept. Manager Thany Hardy
 Project Manager Chris Lingad
 P.O. No. 2017-386 closed ☒ Yes ☐ No
 Contract No. _____
 Project No. _____

1-55-550.55 009

Sub-total: 245.00
 Sales Tax: 21.44
 Serv.Chg: 0.00
 Deposits: 0.00
 Balance Due: 266.44

Thank you for allowing us the opportunity to serve your event

Section 5 (A) 6.

| INVOICE | TOTAL INVOICE AMOUNT DUE | LESS UNRELATED CHARGES | TOTAL BALLOT/NOMINATION CHARGES |
|-------------|--------------------------|------------------------|---------------------------------|
| 5-677-12617 | 464.8 | 0 | 464.8 |
| 5-673-68101 | 148.97 | 18.16 | 130.81 |
| 5-688-37275 | 129.49 | 6.95 | 122.54 |
| 5-681-51305 | 128.8 | 20.96 | 107.84 |
| | | | <u>825.99</u> |
| 5-695-92632 | 620.26 | 0 | 620.26 |
| 5-704-44119 | 191.94 | 7.86 | 184.08 |
| 5-711-52378 | 81.89 | 18.17 | 63.72 |
| 5-719-29544 | 84.7 | 20.42 | 64.28 |
| | | | <u>932.34</u> |

**Invoice Number**

5-695-92632 ✓

Invoice Date

Feb 03, 2017

Account Number

3916-4315-6

Page

1 of 17

FedEx Tax ID: 71-0427007

Store ID: Store #685275

Billing Address:

CENTRAL BASIN MWD
ACCOUNTS PAYABLE
6252 TELEGRAPH RD
COMMERCE CA 90040-2512

Shipping Address:

CENTRAL BASIN MWD
6252 TELEGRAPH RD
COMMERCE CA 90040-2512

Invoice Questions?**Contact FedEx Revenue Services**

Phone: (800) 622-1147

M-F 7 AM to 8 PM CST

Sa 7 AM to 6 PM CST

Fax: (800) 548-3020

Internet: www.fedex.com

Invoice Summary Feb 03, 2017**FedEx Express Services**

| | | |
|---------------------------|------------|-------------------|
| Transportation Charges | | 1,002.60 |
| Base Discount | | -534.60 |
| Earned/Grace Discount | | -126.45 |
| Special Handling Charges | | 267.71 |
| Return Surcharges | | 11.00 |
| Total Charges | USD | \$620.26 |
| TOTAL THIS INVOICE | USD | \$620.26 / |

You saved \$661.05 in discounts this period!

Shipments included in this invoice received an earned discount. If you would like to know how it was calculated, please go to the following URL:
<https://www.fedex.com/EarnedDiscounts/>.

Other discounts may apply.

INVOICE AUTHORIZED

Dept. Manager _____
Project Manager _____
P.O. No. 2017-103 closed ☐ yes ☒ no
Contract No. _____
Project No. _____

INVOICE AUTHORIZED

Dept. Manager _____
Project Manager _____
P.O. No. 2017-809 closed ☐ yes ☒ no
Contract No. _____
Project No. _____

Detailed descriptions of surcharges can be located at fedex.com

To ensure proper credit, please return this portion with your payment to FedEx.
Please do not staple or fold. Please make check payable to FedEx.

☐ For change of address, check here and complete form on reverse side.

| Invoice Number | Account Number | Amount Due |
|----------------|----------------|--------------|
| 5-695-92632 | 3916-4315-6 | USD \$620.26 |

Remittance Advice**Your payment is due by Feb 18, 2017**

391643155695926328200006202608



CENTRAL BASIN MWD
ACCOUNTS PAYABLE
6252 TELEGRAPH RD
COMMERCE CA 90040-2512

FedEx
P.O. Box 7221
Pasadena CA 91109-7321

Adjustment Request
Fax to (800) 548-3020

Contact

Requestor Name _____ Date ____/____/____

Phone - - Fax # - -

E-mail Address _____ ☐ Yes, I want to update account contact with the above information.

Rebills

[illegible]

For all Service failures or other surcharges please use our web site www.fedex.com or call (800) 622-1147

Credits

| | | | | Rerate information only (round to nearest inch) | | | |
|-----------------|--|------|-----------|---|---|---|---|
| Tracking Number | | Code | \$ Amount | LBS | L | W | H |
| | | | | | X | X | |
| | | | | | X | X | |
| | | | | | X | X | |
| | | | | | X | X | |
| | | | | | X | X | |

Effective Date | | | / | | | / | | |

☐ **Shipping Address (Physical Address)**

Company

Address

Address

Dept. _____

Floor Apt/Suite #

City _____

State Zip Code -

Phone - - Fax # - - ☐ **Billing Address Only**☐ **Billing Same As Shipping Address**

Company _____

Address | | | | | | | | | | | | | | | |

Address | | | | | | | | | | | | | | | | | |

[illegible]

Floor Apt/Suite #

City

State Zip Code -

Phone - - Fax # - -



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|---------|
| 5-695-92632 | Feb 03, 2017 | 3916-4315-6 | 3 of 17 |

FedEx Express Shipment Detail By Payor Type (Original)

| | | |
|--------------------------------|---|----------------|
| Ship Date: Jan 30, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|-------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778305959172 | Cecilia Pulido | Michael Gualieri |
| Service Type | FedEx Priority Overnight | Central Basin MWD | La Habra Heights County Water |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 1271 North Hacienda Road |
| Zone | 02 | LOS ANGELES CA 90040 US | LA HABRA CA 90631 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 10:14 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | Y.CONTRERAS | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Courier Pickup Charge | 0.00 |
| | | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |

| | | |
|--------------------------------|---|----------------|
| Ship Date: Jan 30, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|-----------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306051563 | Cecilia Pulido | Ed Castaneda |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Orchard Dale Water District |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 13819 E. Telegraph Road |
| Zone | 02 | LOS ANGELES CA 90040 US | WHITTIER CA 90604 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 10:00 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | M.MARISSA | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Courier Pickup Charge | 0.00 |
| | | Total Charge | USD \$13.28 |

| | | |
|--------------------------------|---|----------------|
| Ship Date: Jan 30, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306120372 | Cecilia Pulido | Mark Grajeda |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Pico Water District |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 4843 Church Street |
| Zone | 02 | LOS ANGELES CA 90040 US | PICO RIVERA CA 90660 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 09:02 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | M.LOPEZ | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Courier Pickup Charge | 0.00 |
| | | Total Charge | USD \$13.28 |

**Invoice Number**

5-695-92632

Invoice Date

Feb 03, 2017

Account Number

3916-4315-6

Page

4 of 17

Ship Date: Jan 30, 2017**Cust. Ref.:** Ballot Form**Ref.#2:****Payor:** Shipper**Ref.#3:**

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
Distance Based Pricing, Zone 2

Automation INET
Tracking ID 778306153238
Service Type FedEx Priority Overnight
Package Type FedEx Envelope
Zone 02
Packages 1
Rated Weight N/A
Declared Value USD 1.00
Delivered Jan 31, 2017 09:27
Svc Area A1
Signed by L.MUNCHOW
FedEx Use 000000000/186/_

Sender
Margarita Aguilar
6252 Telegraph Road
LOS ANGELES CA 90040 US

Recipient
Lee Muchow
Bellflower Home Garden Water C
8761 Ramona Street
BELLFLOWER CA 90706 US

| | |
|-----------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Adult Signature | 5.50 |
| Earned Discount | -2.81 |
| Courier Pickup Charge | 0.00 |
| Fuel Surcharge | 0.26 |
| Residential Delivery | 2.89 |
| Total Charge | USD \$16.24 |

Ship Date: Jan 30, 2017**Cust. Ref.:** NO REFERENCE INFORMATION**Ref.#2:****Payor:** Shipper**Ref.#3:**

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
Distance Based Pricing, Zone 2

Automation INET
Tracking ID 778306177371
Service Type FedEx Priority Overnight
Package Type FedEx Envelope
Zone 02
Packages 1
Rated Weight N/A
Declared Value USD 1.00
Delivered Jan 31, 2017 09:24
Svc Area A1
Signed by J.MADRID
FedEx Use 000000000/186/_

Sender
Cecilia Pulido
Central Basin MWD
6252 Telegraph Road
LOS ANGELES CA 90040 US

Recipient
Thomas Martin
Sativa L.A. County Water Distr
2015 E. Hatchway
COMPTON CA 90222 US

| | |
|-----------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Adult Signature | 5.50 |
| Fuel Surcharge | 0.19 |
| Courier Pickup Charge | 0.00 |
| Earned Discount | -2.81 |
| Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017**Cust. Ref.:** Ballot Form**Ref.#2:****Payor:** Shipper**Ref.#3:**

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
Distance Based Pricing, Zone 2

Automation INET
Tracking ID 778306233559
Service Type FedEx Priority Overnight
Package Type FedEx Envelope
Zone 02
Packages 1
Rated Weight N/A
Declared Value USD 1.00
Delivered Jan 31, 2017 09:29
Svc Area A2
Signed by N.NANCY
FedEx Use 000000000/186/_

Sender
Margarita Aguilar
6252 Telegraph Road
LOS ANGELES CA 90040 US

Recipient
Ken Bradbury
Montebello Land & Water Compan
344 East Madison Avenue
MONTEBELLO CA 90640 US

| | |
|-----------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Earned Discount | -2.81 |
| Courier Pickup Charge | 0.00 |
| Fuel Surcharge | 0.19 |
| Adult Signature | 5.50 |
| Total Charge | USD \$13.28 |


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Ship Date: Jan 30, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:
Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306241660 | Cecilia Pulido | Alberto Corrales |
| Service Type | FedEx Priority Overnight | Central Basin MWD | South Montebello Irrigation Di |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 437 S. Bluff Road |
| Zone | 02 | LOS ANGELES CA 90040 US | MONTEBELLO CA 90640 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 10:16 | Discount | -11.88 |
| Svc Area | A2 | Fuel Surcharge | 0.19 |
| Signed by | A.FERNANDEZ | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Courier Pickup Charge | 0.00 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:
Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306298453 | Cecilia Pulido | Henry Wind |
| Service Type | FedEx Priority Overnight | Central Basin MWD | California Water Service Compa |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 2000 S. Tubeway Avenue |
| Zone | 02 | LOS ANGELES CA 90040 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 09:27 | Discount | -11.88 |
| Svc Area | A1 | Courier Pickup Charge | 0.00 |
| Signed by | A.VALEZ | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:
Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Incorrect recipient address.
 Distance Based Pricing, Zone 2
 Original address - 1100 N. Eastern Avenue, Room 2/LOS ANGELES, CA 90022

| | | | |
|-----------------------|--------------------------|------------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306319617 | Margarita Aguilar | Brian Roberts |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | Rancho Los Amigos Golf Course |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 1100 N. Eastern Avenue, Room 2 |
| Zone | 02 | | LOS ANGELES CA 90063 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 16:20 | Discount | -11.88 |
| Svc Area | A1 | Courier Pickup Charge | 0.00 |
| Signed by | silvia | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Address Correction | 14.00 |
| | | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$21.78 |


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Ship Date: Jan 30, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:
Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|-----------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306349150 | Cecilia Pulido | Patrick Scanlon |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Golden State Water Company |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 630 East Foothill Boulevard |
| Zone | 02 | LOS ANGELES CA 90040 US | SAN DIMAS CA 91773 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 10:22 | Discount | -11.88 |
| Svc Area | A1 | Courier Pickup Charge | 0.00 |
| Signed by | L.SANZ | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:
Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306361757 | Margarita Aguilar | Dan Arrighi |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | San Gabriel Valley Water Compa |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 11142 Garvey Avenue |
| Zone | 02 | | SOUTH EL MONTE CA 91733 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 10:18 | Discount | -11.88 |
| Svc Area | A2 | Fuel Surcharge | 0.19 |
| Signed by | M.LIGHT | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Courier Pickup Charge | 0.00 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:
Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|--------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306401559 | Cecilia Pulido | Jeanne-Marie Bruno |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Liberty Utilities |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 9750 Washburn Road |
| Zone | 02 | LOS ANGELES CA 90040 US | DOWNEY CA 90241 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 10:00 | Discount | -11.88 |
| Svc Area | A1 | Courier Pickup Charge | 0.00 |
| Signed by | B.CHRISTIANCY | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |

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The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

Automation INET
Tracking ID 778306444974
Service Type FedEx Priority Overnight
Package Type FedEx Envelope
Zone 02
Packages 1
Rated Weight N/A
Declared Value USD 1.00
Delivered Jan 31, 2017 10:06
Svc Area A1
Signed by T.COOLIE
FedEx Use 000000000/186/_

Sender
Margarita Aguilar
6252 Telegraph Road
LOS ANGELES CA 90040 US

Recipient
Beatriz Reviera
Suburban Water Systems
1325 N. Grand Avenue, Suite 10
COVINA CA 91724 US

| | |
|-----------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Earned Discount | -2.81 |
| Fuel Surcharge | 0.19 |
| Adult Signature | 5.50 |
| Courier Pickup Charge | 0.00 |
| Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017**Cust. Ref.:** NO REFERENCE INFORMATION**Ref.#2:****Payor:** Shipper**Ref.#3:**

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Distance Based Pricing, Zone 2

Automation INET
Tracking ID 778306479615
Service Type FedEx Priority Overnight
Package Type FedEx Envelope
Zone 02
Packages 1
Rated Weight N/A
Declared Value USD 1.00
Delivered Jan 31, 2017 10:11
Svc Area A1
Signed by A.ANDERSON
FedEx Use 000000000/186/_

Sender
Cecilia Pulido
Central Basin MWD
6252 Telegraph Road
LOS ANGELES CA 90040 US

Recipient
Roberto Olvera
Bellflower-Somerset Mutual Wat
10016 Flower Street
BELLFLOWER CA 90706 US

| | |
|-----------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Fuel Surcharge | 0.19 |
| Adult Signature | 5.50 |
| Earned Discount | -2.81 |
| Courier Pickup Charge | 0.00 |
| Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017**Cust. Ref.:** NO REFERENCE INFORMATION**Ref.#2:****Payor:** Shipper**Ref.#3:**

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Distance Based Pricing, Zone 2

Automation INET
Tracking ID 778306504182
Service Type FedEx Priority Overnight
Package Type FedEx Envelope
Zone 02
Packages 1
Rated Weight N/A
Declared Value USD 1.00
Delivered Jan 31, 2017 09:59
Svc Area A1
Signed by A.MEZA
FedEx Use 000000000/186/_

Sender
Cecilia Pulido
Central Basin MWD
6252 Telegraph Road
LOS ANGELES CA 90040 US

Recipient
Felix Contreras
Lynwood Park Mutual Water Comp
2644 E. 124th Street
COMPTON CA 90222 US

| | |
|-----------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Courier Pickup Charge | 0.00 |
| Fuel Surcharge | 0.19 |
| Adult Signature | 5.50 |
| Earned Discount | -2.81 |
| Total Charge | USD \$13.28 |


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Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

Automation INET
 Tracking ID 778306515238
 Service Type FedEx Priority Overnight
 Package Type FedEx Envelope
 Zone 02
 Packages 1
 Rated Weight N/A
 Declared Value USD 1.00
 Delivered Jan 31, 2017 09:05
 Svc Area A1
 Signed by G.GARCIA
 FedEx Use 000000000/186/_

Sender
 Margarita Aguilar
 6252 Telegraph Road
 LOS ANGELES CA 90040 US

Recipient
 Chau Vu
 City of Bell Gardens
 7100 South Garfield Avenue
 BELL GARDENS CA 90201 US

| | |
|-----------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Courier Pickup Charge | 0.00 |
| Adult Signature | 5.50 |
| Earned Discount | -2.81 |
| Fuel Surcharge | 0.19 |
| Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:
Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

Automation INET
 Tracking ID 778306551730
 Service Type FedEx Priority Overnight
 Package Type FedEx Envelope
 Zone 02
 Packages 1
 Rated Weight N/A
 Declared Value USD 1.00
 Delivered Jan 31, 2017 10:08
 Svc Area A1
 Signed by C.CONTREAS
 FedEx Use 000000000/186/_

Sender
 Margarita Aguilar
 6252 Telegraph Road
 LOS ANGELES CA 90040 US

Recipient
 Len Gorecki
 City of Bellflower
 16600 Civic Center Drive
 BELLFLOWER CA 90706 US

| | |
|-----------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Adult Signature | 5.50 |
| Courier Pickup Charge | 0.00 |
| Earned Discount | -2.81 |
| Fuel Surcharge | 0.19 |
| Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:
Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

Automation INET
 Tracking ID 778306577589
 Service Type FedEx Priority Overnight
 Package Type FedEx Envelope
 Zone 02
 Packages 1
 Rated Weight N/A
 Declared Value USD 1.00
 Delivered Jan 31, 2017 10:30
 Svc Area A1
 Signed by E.TORRES
 FedEx Use 000000000/186/_

Sender
 Cecilia Pulido
 Central Basin MWD
 6252 Telegraph Road
 LOS ANGELES CA 90040 US

Recipient
 Sergio Palos
 Maywood Mutual Water Company N
 5953 South Gifford Avenue
 HUNTINGTON PARK CA 90255 US

| | |
|-----------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Courier Pickup Charge | 0.00 |
| Adult Signature | 5.50 |
| Earned Discount | -2.81 |
| Fuel Surcharge | 0.19 |
| Total Charge | USD \$13.28 |


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Ship Date: Jan 30, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:
Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306599296 | Cecilia Pulido | Luis Gonzales |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Maywood Mutual Water Company N |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 3521 East Slauson Avenue |
| Zone | 02 | LOS ANGELES CA 90040 US | MAYWOOD CA 90270 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 09:41 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | M.GUTIERREZ | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Courier Pickup Charge | 0.00 |
| | | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:
Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306655473 | Margarita Aguilar | Art Galluci |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Cerritos |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 18125 Bloomfield Avenue |
| Zone | 02 | | CERRITOS CA 90703 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 10:00 | Discount | -11.88 |
| Svc Area | A1 | Courier Pickup Charge | 0.00 |
| Signed by | D.HURD | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:
Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306682341 | Cecilia Pulido | Robert Rohlf |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Maywood Mutual Water Company N |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 6151 Heliotrope Avenue |
| Zone | 02 | LOS ANGELES CA 90040 US | MAYWOOD CA 90270 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 09:57 | Discount | -11.88 |
| Svc Area | A1 | Courier Pickup Charge | 0.00 |
| Signed by | R.ROHLF | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.28 |


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Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:
Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

Automation INET
 Tracking ID 778306692490
 Service Type FedEx Priority Overnight
 Package Type FedEx Envelope
 Zone 02
 Packages 1
 Rated Weight N/A
 Declared Value USD 1.00
 Delivered Jan 31, 2017 09:32
 Svc Area A1
 Signed by U.FLORES
 FedEx Use 000000000/186/_

Sender
 Margarita Aguilar
 6252 Telegraph Road
 LOS ANGELES CA 90040 US

Recipient
 Jorge Rifa
 City of Commerce
 2535 Commerce Way
 LOS ANGELES CA 90040 US

| | |
|-----------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Earned Discount | -2.81 |
| Fuel Surcharge | 0.19 |
| Courier Pickup Charge | 0.00 |
| Adult Signature | 5.50 |
| Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:
Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Distance Based Pricing, Zone 2

Automation INET
 Tracking ID 778306716836
 Service Type FedEx Priority Overnight
 Package Type FedEx Envelope
 Zone 02
 Packages 1
 Rated Weight N/A
 Declared Value USD 1.00
 Delivered Jan 31, 2017 10:00
 Svc Area A1
 Signed by E.GARCIA
 FedEx Use 000000000/186/_

Sender
 Cecilia Pulido
 Central Basin MWD
 6252 Telegraph Road
 LOS ANGELES CA 90040 US

Recipient
 George Perez
 Tract 180 Mutual Water Company
 4544 Florence Avenue
 BELL GARDENS CA 90201 US

| | |
|-----------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Adult Signature | 5.50 |
| Courier Pickup Charge | 0.00 |
| Fuel Surcharge | 0.19 |
| Earned Discount | -2.81 |
| Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:
Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

Automation INET
 Tracking ID 778306764323
 Service Type FedEx Priority Overnight
 Package Type FedEx Envelope
 Zone 02
 Packages 1
 Rated Weight N/A
 Declared Value USD 1.00
 Delivered Jan 31, 2017 09:15
 Svc Area A1
 Signed by G.GINA
 FedEx Use 000000000/186/_

Sender
 Margarita Aguilar
 6252 Telegraph Road
 LOS ANGELES CA 90040 US

Recipient
 Glen Kau
 City of Compton
 205 S. Willowbrook Avenue
 COMPTON CA 90220 US

| | |
|-----------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Adult Signature | 5.50 |
| Earned Discount | -2.81 |
| Courier Pickup Charge | 0.00 |
| Fuel Surcharge | 0.19 |
| Total Charge | USD \$13.28 |


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Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:
Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306802740 | Margarita Aguilar | Mohammad Mostahkami |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Downey |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 11111 Brookshire Avenue |
| Zone | 02 | | DOWNEY CA 90241 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 09:53 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | M.GALVAN | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Courier Pickup Charge | 0.00 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:
Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306835385 | Cecilia Pulido | Martin Susnir |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Tract 349 Mutual Water Company |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 4630 Santa Ana Street |
| Zone | 02 | LOS ANGELES CA 90040 US | BELL GARDENS CA 90201 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 10:20 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | Z.FARKAS | Courier Pickup Charge | 0.00 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:
Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306857130 | Cecilia Pulido | Martin Gonzales |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Walnut Park Mutual Water Compa |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 2460 East Florence Avenue |
| Zone | 02 | LOS ANGELES CA 90040 US | HUNTINGTON PARK CA 90255 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 09:19 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | R.PARRA | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Courier Pickup Charge | 0.00 |
| | | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |



| Invoice Number | Invoice Date | Account Number | Page |
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Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|-----------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306879991 | Margarita Aguilar | Edgar Cisneros |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Huntington Park |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 6550 Miles Avenue |
| Zone | 02 | | HUNTINGTON PARK CA 90255 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 09:22 | Discount | -11.88 |
| Svc Area | A1 | Courier Pickup Charge | 0.00 |
| Signed by | S.CRUM | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306912435 | Cecilia Pulido | Frank Beach |
| Service Type | FedEx Priority Overnight | Central Basin MWD | City of Santa Fe Springs |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 11710 Telegraph Road |
| Zone | 02 | LOS ANGELES CA 90040 US | SANTA FE SPRINGS CA 90670 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 10:22 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | M.PRIETO | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Courier Pickup Charge | 0.00 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778306937358 | Cecilia Pulido | Derek Wieske |
| Service Type | FedEx Priority Overnight | Central Basin MWD | City of Vernon |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 4305 Santa Fe Avenue |
| Zone | 02 | LOS ANGELES CA 90040 US | LOS ANGELES CA 90058 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 08:48 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | R.CASTRO | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Courier Pickup Charge | 0.00 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.28 |



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Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|----------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778306962760 | Margarita Aguilar | Jason Wen |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Lakewood |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 5050 N. Clark Avenue |
| Zone | 02 | | LAKEWOOD CA 90712 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 09:15 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | T.LEWIS | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Courier Pickup Charge | 0.00 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|---------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778307059700 | Margarita Aguilar | Alicia Martinez |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Lynwood |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 11330 Bullis Road |
| Zone | 02 | | LYNWOOD CA 90262 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 09:17 | Discount | -11.88 |
| Svc Area | A1 | Courier Pickup Charge | 0.00 |
| Signed by | L.MORALES | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|---------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778307175170 | Margarita Aguilar | Danilo Batson |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Montebello |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 1600 W. Beverly Boulevard |
| Zone | 02 | | MONTEBELLO CA 90640 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 09:41 | Discount | -11.88 |
| Svc Area | A2 | Adult Signature | 5.50 |
| Signed by | S.PANOSSIAN | Courier Pickup Charge | 0.00 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |



Invoice Number

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Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778307214744 | Margarita Aguilar | Adriana Figueroa |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Norwalk |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 12700 Norwalk Boulevard |
| Zone | 02 | | NORWALK CA 90650 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 09:02 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | C.MORENO | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Courier Pickup Charge | 0.00 |
| | | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|-----------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778307294741 | Margarita Aguilar | Chris Cash |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Paramount |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 16400 Colorado Avenue |
| Zone | 02 | | PARAMOUNT CA 90723 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 10:04 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | S.PADILLA | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Courier Pickup Charge | 0.00 |
| | | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|-------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778307330651 | Margarita Aguilar | James Enriquez Rene Bobadilla |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Pico Rivera |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 6615 Passons Boulevard |
| Zone | 02 | | PICO RIVERA CA 90660 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 08:53 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | A.GARCIA | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Courier Pickup Charge | 0.00 |
| | | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |



| Invoice Number | Invoice Date | Account Number | Page |
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Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|-------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778307409751 | Margarita Aguilar | Steve Myrter |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Signal Hill |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 2175 Cherry Avenue |
| Zone | 02 | | SIGNAL HILL CA 90755 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 09:09 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | E.NISHIA | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Courier Pickup Charge | 0.00 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778307448987 | Margarita Aguilar | Michael Flad |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of South Gate |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 8650 California Avenue |
| Zone | 02 | | SOUTH GATE CA 90280 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 09:01 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | R.LARIOS | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Courier Pickup Charge | 0.00 |
| | | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 30, 2017

Cust. Ref.: Ballot Form

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778307520244 | Margarita Aguilar | Dave Schickling |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Whittier |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 13230 East Penn Street |
| Zone | 02 | | WHITTIER CA 90602 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 31, 2017 09:58 | Discount | -11.88 |
| Svc Area | A1 | Courier Pickup Charge | 0.00 |
| Signed by | J.VIQUENA | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |


Invoice Number

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Invoice Date

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3916-4315-6

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Ship Date: Jan 31, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:
Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Return: Original Tracking ID 778306051563
 Distance Based Pricing, Zone 2

Automation INET
 Tracking ID 790615531499
 Service Type FedEx Priority Overnight
 Package Type FedEx Envelope
 Zone 02
 Packages 1
 Rated Weight N/A
 Declared Value USD 1.00
 Delivered Feb 01, 2017 10:27
 Svc Area A1
 Signed by R.BAEZ
 FedEx Use 000000000/186/_

Sender
 Ed Castaneda
 Orchard Dale Water District
 13819 E. Telegraph Road
 WHITTIER CA 90604 US

Recipient
 Cecilia Pulido
 Central Basin MWD
 6252 Telegraph Road
 LOS ANGELES CA 90040 US

| | |
|--------------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Return On Call Surcharge | 4.00 |
| Print Return Label | 0.50 |
| Fuel Surcharge | 0.29 |
| Adult Signature | 5.50 |
| Earned Discount | -2.81 |
| Total Charge | USD \$17.88 |

Ship Date: Jan 31, 2017

Cust. Ref.: Ballot

Ref.#2:
Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Return: Original Tracking ID 778306233559
 Distance Based Pricing, Zone 2

Automation INET
 Tracking ID 790615541364
 Service Type FedEx Priority Overnight
 Package Type FedEx Envelope
 Zone 02
 Packages 1
 Rated Weight N/A
 Declared Value USD 1.00
 Delivered Feb 01, 2017 10:27
 Svc Area A1
 Signed by R.BAEZ
 FedEx Use 000000000/186/_

Sender
 Ken Bradbury
 Montebello Land & Water Compan
 344 East Madison Avenue
 MONTEBELLO CA 90640 US

Recipient
 Margarita Aguilar
 Central Basin MWD
 6252 Telegraph Road
 LOS ANGELES CA 90040 US

| | |
|-----------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Adult Signature | 5.50 |
| Earned Discount | -2.81 |
| Fuel Surcharge | 0.19 |
| Print Return Label | 0.50 |
| Total Charge | USD \$13.78 |

Ship Date: Jan 31, 2017

Cust. Ref.: Ballot

Ref.#2:
Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Return: Original Tracking ID 778306361757
 Distance Based Pricing, Zone 2

Automation INET
 Tracking ID 790615546929
 Service Type FedEx Priority Overnight
 Package Type FedEx Envelope
 Zone 02
 Packages 1
 Rated Weight N/A
 Declared Value USD 1.00
 Delivered Feb 01, 2017 10:27
 Svc Area A1
 Signed by R.BAEZ
 FedEx Use 000000000/186/_

Sender
 Dan Arrighi
 San Gabriel Valley Water Compa
 11142 Garvey Avenue
 SOUTH EL MONTE CA 91733 US

Recipient
 Margarita Aguilar
 Central Basin MWD
 6252 Telegraph Road
 LOS ANGELES CA 90040 US

| | |
|-----------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Fuel Surcharge | 0.19 |
| Earned Discount | -2.81 |
| Adult Signature | 5.50 |
| Print Return Label | 0.50 |
| Total Charge | USD \$13.78 |



| Invoice Number | Invoice Date | Account Number | Page |
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Ship Date: Jan 31, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Return: Original Tracking ID 778306401559

Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-----------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790615549012 | Jeanne-Marie Bruno | Cecilia Pulido |
| Service Type | FedEx Priority Overnight | Liberty Utilities | Central Basin MWD |
| Package Type | FedEx Envelope | 9750 Washburn Road | 6252 Telegraph Road |
| Zone | 02 | DOWNEY CA 90241 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Feb 01, 2017 10:27 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | R.BAEZ | Print Return Label | 0.50 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.78 |

Ship Date: Jan 31, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Return: Original Tracking ID 778306577589

Distance Based Pricing, Zone 2

Package sent from: 90040 zip code

| | | | |
|----------------|--------------------------|--------------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790615557168 | Sergio Palos | Cecilia Pulido |
| Service Type | FedEx Priority Overnight | Maywood Mutual Water Company N | Central Basin MWD |
| Package Type | FedEx Envelope | 5953 South Gifford Avenue | 6252 Telegraph Road |
| Zone | 02 | HUNTINGTON PARK CA 90255 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Feb 01, 2017 10:27 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | R.BAEZ | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Print Return Label | 0.50 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.78 |

Ship Date: Jan 31, 2017

Cust. Ref.: Ballot

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Return: Original Tracking ID 778307294741

Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|--------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790615594942 | Chris Cash | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | City of Paramount | Central Basin MWD |
| Package Type | FedEx Envelope | 16400 Colorado Avenue | 6252 Telegraph Road |
| Zone | 02 | PARAMOUNT CA 90723 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Feb 01, 2017 10:27 | Discount | -11.88 |
| Svc Area | A1 | Return On Call Surcharge | 4.00 |
| Signed by | R.BAEZ | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.29 |
| | | Print Return Label | 0.50 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$17.88 |

Shipper Subtotal USD \$620.26

Total FedEx Express USD \$620.26



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-704-44119 ✓ | Feb 10, 2017 | 3916-4315-6 | 1 of 6 |

FedEx Tax ID: 71-0427007
 Store ID: Store #685275

Billing Address:
 CENTRAL BASIN MWD
 ACCOUNTS PAYABLE
 6252 TELEGRAPH RD
 COMMERCE CA 90040-2512

Shipping Address:
 CENTRAL BASIN MWD
 6252 TELEGRAPH RD
 COMMERCE CA 90040-2512

Invoice Questions?
Contact FedEx Revenue Services
 Phone: (800) 622-1147
 M-F 7 AM to 8 PM CST
 Sa 7 AM to 6 PM CST
 Fax: (800) 548-3020
 Internet: www.fedex.com

Invoice Summary Feb 10, 2017

FedEx Express Services

| | | | |
|---------------------------|------------|-------------------|---------------|
| Transportation Charges | | 229.52 | |
| Base Discount | | -95.04 | |
| Earned/Grace Discount | | -22.48 | |
| Special Handling Charges | | 47.94 | • • 0 • • C A |
| Return Surcharges | | 32.00 | |
| Total Charges | USD | \$191.94 | 191 • 94 + |
| TOTAL THIS INVOICE | USD | \$191.94 ✓ | 7 • 86 - |
| | | | 184 • 08 * |

You saved \$117.52 in discounts this period!

Shipments included in this invoice received an earned discount. If you would like to know how it was calculated, please go to the following URL:
<https://www.fedex.com/EarnedDiscounts/>.

Other discounts may apply.

INVOICE AUTHORIZED

Dept. Manager _____
 Project Manager [Signature]
 P.O. No. 2017-103 closed ☐ yes ☒ no
 Contract No. _____
 Project No. _____

\$184.08 To 2017-103

INVOICE AUTHORIZED

Dept. Manager _____
 Project Manager [Signature]
 P.O. No. 2017-009 closed ☐ yes ☒ no
 Contract No. _____
 Project No. _____

\$7.86 To 2017-009

Detailed descriptions of surcharges can be located at fedex.com

To ensure proper credit, please return this portion with your payment to FedEx.
 Please do not staple or fold. Please make check payable to FedEx.

☐ For change of address, check here and complete form on reverse side.

| Invoice Number | Account Number | Amount Due |
|----------------|----------------|--------------|
| 5-704-44119 | 3916-4315-6 | USD \$191.94 |

Remittance Advice

Your payment is due by Feb 25, 2017

391643155704441194800001919404

CENTRAL BASIN MWD
 ACCOUNTS PAYABLE
 6252 TELEGRAPH RD
 COMMERCE CA 90040-2512



FedEx
 P.O. Box 7221
 Pasadena CA 91109-7321



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-704-44119 | Feb 10, 2017 | 3916-4315-6 | 2 of 6 |

Adjustment Request

Fax to (800) 548-3020

Use this form to fax requests for adjustments due to the reasons indicated below. Requests for adjustments due to other reasons, **including** service failures, should be submitted by going to **www.fedex.com** or calling 800.622.1147. Please use multiple forms for additional requests.

Please complete all fields in black ink.

Requestor Name Date / /

Phone - - Fax # - -

E-mail Address ☐ Yes, I want to update account contact with the above information.

| Tracking Number | Bill to Account | \$ Amount |
|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |

| | | | |
|--------------------------|-------------------------|----------------------------|--|
| ADR - Address Correction | INW - Incorrect Weight | OVS - Oversize Surcharge | For all Service failures or other surcharges please use our web site www.fedex.com or call (800) 622-1147 |
| DVC - Declared Value | INS - Incorrect Service | RSU - Residential Delivery | |
| IAN - Invalid Acct # | OCF - Grd Pick-up Fee | PND - Pwrshp Not Delivered | |
| | OCS - Exp Pick-up Fee | SDR - Saturday Delivery | |

| Tracking Number | Code | \$ Amount | Rerate information only (round to nearest inch) | | | |
|----------------------|----------------------|----------------------|---|----------------------|----------------------|----------------------|
| | | | LBS | L | W | H |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

Check all that apply

Effective Date / /

| | |
|--|--|
| <input type="checkbox"/> Shipping Address (Physical Address) Company <input type="text"/> Address <input type="text"/> Address <input type="text"/> Dept. <input type="text"/> Floor <input type="text"/> Apt/Suite # <input type="text"/> City <input type="text"/> State <input type="text"/> Zip Code <input type="text"/> - <input type="text"/> Phone <input type="text"/> - <input type="text"/> - <input type="text"/> Fax # <input type="text"/> - <input type="text"/> - <input type="text"/> | <input type="checkbox"/> Billing Address Only <input type="checkbox"/> Billing Same As Shipping Address Company <input type="text"/> Address <input type="text"/> Address <input type="text"/> Dept. <input type="text"/> Floor <input type="text"/> Apt/Suite # <input type="text"/> City <input type="text"/> State <input type="text"/> Zip Code <input type="text"/> - <input type="text"/> Phone <input type="text"/> - <input type="text"/> - <input type="text"/> Fax # <input type="text"/> - <input type="text"/> - <input type="text"/> |
|--|--|



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-704-44119 | Feb 10, 2017 | 3916-4315-6 | 3 of 6 |

FedEx Express Shipment Detail By Payor Type (Original)

| | | |
|-------------------------|--------------------------------------|---------|
| Ship Date: Feb 01, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Return: Original Tracking ID 778306120372
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|--------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790615535704 | Mark Grajeda | Cecilia Pulido |
| Service Type | FedEx Priority Overnight | Pico Water District | Central Basin MWD |
| Package Type | FedEx Envelope | 4843 Church Street | 6252 Telegraph Road |
| Zone | 02 | PICO RIVERA CA 90660 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Feb 02, 2017 09:26 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | R.BEAS | Print Return Label | 0.50 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.29 |
| | | Earned Discount | -2.81 |
| | | Return On Call Surcharge | 4.00 |
| | | Total Charge | USD \$17.88 |

| | | |
|-------------------------|--------------------|---------|
| Ship Date: Feb 01, 2017 | Cust. Ref.: Ballot | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Return: Original Tracking ID 778306655473
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|--------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790615561642 | Art Galluci | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | City of Cerritos | Central Basin MWD |
| Package Type | FedEx Envelope | 18125 Bloomfield Avenue | 6252 Telegraph Road |
| Zone | 02 | CERRITOS CA 90703 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Feb 02, 2017 09:26 | Discount | -11.88 |
| Svc Area | A1 | Return On Call Surcharge | 4.00 |
| Signed by | R.BEAS | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.29 |
| | | Print Return Label | 0.50 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$17.88 |

| | | |
|-------------------------|--------------------|---------|
| Ship Date: Feb 02, 2017 | Cust. Ref.: Ballot | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Return: Original Tracking ID 778306551730
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|--------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790615556106 | Len Gorecki | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | City of Bellflower | Central Basin MWD |
| Package Type | FedEx Envelope | 16600 Civic Center Drive | 6252 Telegraph Road |
| Zone | 02 | BELLFLOWER CA 90706 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Feb 03, 2017 09:50 | Discount | -11.88 |
| Svc Area | A1 | Print Return Label | 0.50 |
| Signed by | R.BEAS | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.29 |

Continued on next page



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-704-44119 | Feb 10, 2017 | 3916-4315-6 | 4 of 6 |

Tracking ID: 790615556106 continued

| | |
|--------------------------|--------------------|
| Earned Discount | -2.81 |
| Return On Call Surcharge | 4.00 |
| Total Charge | USD \$17.88 |

| | | |
|--------------------------------|---------------------------|----------------|
| Ship Date: Feb 03, 2017 | Cust. Ref.: Ballot | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 184669.66
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Return: Original Tracking ID 778306444974
 Distance Based Pricing, Zone 2

| | | | |
|-------------------|--------------------------|--------------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790615551137 | Beatriz Reviere | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | Suburban Water Systems | Central Basin MWD |
| Package Type | FedEx Envelope | 1325 N. Grand Avenue, Suite 10 | 6252 Telegraph Road |
| Zone | 02 | COVINA CA 91724 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Feb 06, 2017 09:51 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | P.BEOS | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Print Return Label | 0.50 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.78 |

| | | |
|--------------------------------|---------------------------|----------------|
| Ship Date: Feb 03, 2017 | Cust. Ref.: Ballot | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Return: Original Tracking ID 778306962760
 Distance Based Pricing, Zone 2

| | | | |
|-------------------|-----------------------|--------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790615578203 | Jason Wen | Margarita Aguilar |
| Service Type | FedEx First Overnight | City of Lakewood | Central Basin |
| Package Type | FedEx Envelope | 5050 N. Clark Avenue | 6252 Telegraph Road |
| Zone | 02 | LAKEWOOD CA 90712 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 51.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Feb 06, 2017 07:54 | Fuel Surcharge | 1.38 |
| Svc Area | A1 | Return On Call Surcharge | 4.00 |
| Signed by | R.BEAS | Adult Signature | 5.50 |
| FedEx Use | 000000000/3/_ | Print Return Label | 0.50 |
| | | Total Charge | USD \$62.66 |

| | | |
|--------------------------------|---|----------------|
| Ship Date: Feb 06, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 3.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 185151.73
 Distance Based Pricing, Zone 2

| | | | |
|-------------------|--------------------------|-------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778365547243 | Sharon Kumar | Natalee Fisher |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Willoughby & Associates |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 200 CORPORATE POINTE |
| Zone | 02 | LOS ANGELES CA 90040 US | CULVER CITY CA 90230 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Delivered | Feb 07, 2017 09:03 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.27 |
| Signed by | F.FAN | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Total Charge | USD \$7.86 |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-704-44119 | Feb 10, 2017 | 3916-4315-6 | 5 of 6 |

Ship Date: Feb 06, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 3.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 185151.73
 Return: Original Tracking ID 778306912435
 Distance Based Pricing, Zone 2

| Automation | INET | Sender | Recipient |
|----------------|--------------------------|------------------------------|-------------------------|
| Tracking ID | 790615575498 | Frank Beach | Cecilia Pulido |
| Service Type | FedEx Priority Overnight | City of Santa Fe Springs | Central Basin MWD |
| Package Type | FedEx Envelope | 11710 Telegraph Road | 6252 Telegraph Road |
| Zone | 02 | SANTA FE SPRINGS CA 90670 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Feb 07, 2017 10:02 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.41 |
| Signed by | R.BAEZ | Return On Call Surcharge | 4.00 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Print Return Label | 0.50 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$18.00 |

Ship Date: Feb 07, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 185151.73
 Fuel Surcharge - FedEx has applied a fuel surcharge of 3.50% to this shipment.
 Return: Original Tracking ID 778306349150
 Distance Based Pricing, Zone 2
 Package sent from: 92831 zip code

| Automation | INET | Sender | Recipient |
|----------------|--------------------------|-----------------------------|-------------------------|
| Tracking ID | 790615546458 | Patrick Scanlon | Cecilia Pulido |
| Service Type | FedEx Priority Overnight | Golden State Water Company | Central Basin MWD |
| Package Type | FedEx Envelope | 630 East Foothill Boulevard | 6252 Telegraph Road |
| Zone | 02 | SAN DIMAS CA 91773 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Feb 08, 2017 10:50 | Discount | -11.88 |
| Svc Area | A1 | Return On Call Surcharge | 4.00 |
| Signed by | R.BEAS | Print Return Label | 0.50 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Adult Signature | 5.50 |
| | | Fuel Surcharge | 0.41 |
| | | Total Charge | USD \$18.00 |

Ship Date: Feb 07, 2017

Cust. Ref.: Ballot

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 3.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 185151.73
 Return: Original Tracking ID 778306802740
 Distance Based Pricing, Zone 2

| Automation | INET | Sender | Recipient |
|----------------|--------------------------|--------------------------|-------------------------|
| Tracking ID | 790615570040 | Mohammad Mostahkami | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | City of Downey | Central Basin MWD |
| Package Type | FedEx Envelope | 11111 Brookshire Avenue | 6252 Telegraph Road |
| Zone | 02 | DOWNEY CA 90241 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Feb 08, 2017 10:50 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.41 |
| Signed by | R.BEAS | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Return On Call Surcharge | 4.00 |

Continued on next page



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-704-44119 | Feb 10, 2017 | 3916-4315-6 | 6 of 6 |

Tracking ID: 790615570040 continued

| | |
|--------------------|-------------|
| Print Return Label | 0.50 |
| Adult Signature | 5.50 |
| Total Charge | USD \$18.00 |

| | |
|---------------------|--------------|
| Shipper Subtotal | USD \$191.94 |
| Total FedEx Express | USD \$191.94 |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-711-52378 | Feb 17, 2017 | 3916-4315-6 | 1 of 4 |

FedEx Tax ID: 71-0427007
 Store ID: Store #685275

Billing Address:

CENTRAL BASIN MWD
 ACCOUNTS PAYABLE
 6252 TELEGRAPH RD
 COMMERCE CA 90040-2512

Shipping Address:

CENTRAL BASIN MWD
 6252 TELEGRAPH RD
 COMMERCE CA 90040-2512

Invoice Questions?

Contact FedEx Revenue Services

Phone: (800) 622-1147
 M-F 7 AM to 8 PM CST
 Sa 7 AM to 6 PM CST
 Fax: (800) 548-3020
 Internet: www.fedex.com

Invoice Summary Feb 17, 2017

FedEx Express Services

| | | |
|---------------------------|--------------------|--------------------|
| Transportation Charges | 128.68 | |
| Base Discount | -66.49 | 81.89 + |
| Earned/Grace Discount | -14.27 | 8.04 - |
| Special Handling Charges | 23.97 | 10.13 - |
| Return Surcharges | 10.00 | |
| Total Charges | USD \$81.89 | 2017-103 → 63.72 * |
| TOTAL THIS INVOICE | USD \$81.89 | 63.72 - |

You saved \$80.76 in discounts this period!

Shipments included in this invoice received an earned discount. If you would like to know how it was calculated, please go to the following URL:

<https://www.fedex.com/EarnedDiscounts/>

Other discounts may apply.

2017-009 → 18.17 *

INVOICE AUTHORIZED

Dept. Manager _____
 Project Manager CX
 P.O. No. 2017-103 / closed ☐ yes ☒ no
 Contract No. _____
 Project No. _____

\$63.72 To Po#: 2017-103

INVOICE AUTHORIZED

Dept. Manager _____
 Project Manager CX
 P.O. No. 2017-009 / closed ☐ yes ☒ no
 Contract No. _____
 Project No. _____

\$18.17 To Po#: 2017-009

Detailed descriptions of surcharges can be located at fedex.com

To ensure proper credit, please return this portion with your payment to FedEx.
 Please do not staple or fold. Please make check payable to FedEx.

☐ For change of address, check here and complete form on reverse side.

| Invoice Number | Account Number | Amount Due |
|----------------|----------------|-------------|
| 5-711-52378 | 3916-4315-6 | USD \$81.89 |

Remittance Advice

Your payment is due by Mar 04, 2017

391643155711523786500000818936

CENTRAL BASIN MWD
 ACCOUNTS PAYABLE
 6252 TELEGRAPH RD
 COMMERCE CA 90040-2512

FedEx
 P.O. Box 7221
 Pasadena CA 91109-7321

Adjustment Request
Fax to (800) 548-3020

C o n t a c t

Please complete all fields in black ink.

Requestor Name _____ Date ____/____/____

Phone _____ - _____ - _____ Fax # _____ - _____ - _____

E-mail Address _____ ☐ Yes, I want to update account contact with the above information.

| | Tracking Number | Bill to Account | \$ Amount |
|---|-----------------|-----------------|-----------|
| R | | | |
| e | | | |
| b | | | |
| i | | | |
| s | | | |

ADR - Address Correction INW - Incorrect Weight OVS - Oversize Surcharge For all Service failures or other
DVC - Declared Value INS - Incorrect Service RSU - Residential Delivery surcharges please use our web
IAN - Invalid Acct # OCF - Grd Pick-up Fee PND - Pwrshp Not Delivered site www.fedex.com or call
OCS - Exp Pick-up Fee SDR - Saturday Delivery (800) 622-1147

| C r e d i t s | Tracking Number | Code | \$ Amount | Rerate information only (round to nearest inch) | | | | | |
|---------------------------------|-----------------|------|-----------|---|---|---|---|---|--|
| | | | | LBS | L | W | H | | |
| | | | | | | X | | X | |
| | | | | | | X | | X | |
| | | | | | | X | | X | |
| | | | | | | X | | X | |
| | | | | | | X | | X | |

| Check all that apply | Effective Date / / |
|--|--|
| <input type="checkbox"/> Shipping Address (Physical Address) | <input type="checkbox"/> Billing Address Only <input type="checkbox"/> Billing Same As Shipping Address |
| Company | Company |
| Address | Address |
| Address | Address |
| Dept. | Dept. |
| Floor Apt/Suite # | Floor Apt/Suite # |
| City | City |
| State Zip Code - | State Zip Code - |
| Phone - - | Phone - - |
| Fax # - - | Fax # - - |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-711-52378 | Feb 17, 2017 | 3916-4315-6 | 3 of 4 |

FedEx Express Shipment Detail By Payor Type (Original)

| | | |
|--------------------------------|---|----------------|
| Ship Date: Feb 08, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 185151.73
 Fuel Surcharge - FedEx has applied a fuel surcharge of 3.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|---------------------|--------------------------|-------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778387025033 ✓ | Sharon Kumar | TONI PENN |
| Service Type | FedEx Standard Overnight | Central Basin MWD | GATEWAY REGIONAL WATER MANAGEM |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 16401 PARAMOUNT BLVD |
| Zone | 02 | LOS ANGELES CA 90040 US | PARAMOUNT CA 90723 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 21.95 |
| Delivered | Feb 09, 2017 13:47 | Discount | -11.70 |
| Svc Area | A1 | Earned Discount | -2.48 |
| Signed by | G.CISNEROS | Fuel Surcharge | 0.27 |
| FedEx Use | 000000000/200/_ | Courier Pickup Charge | 0.00 |
| | | Total Charge | USD \$8.04 |

| | | |
|--------------------------------|---|----------------|
| Ship Date: Feb 08, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 185151.73
 Fuel Surcharge - FedEx has applied a fuel surcharge of 3.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|---------------------|--------------------|-------------------------|----------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778387045355 ✓ | Sharon Kumar | ALFRED SMITH |
| Service Type | FedEx 2Day A.M. | Central Basin MWD | NOSSAMAN, LLP |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 777 South Figueroa Street, |
| Zone | 02 | LOS ANGELES CA 90040 US | LOS ANGELES CA 90017 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 17.61 |
| Delivered | Feb 10, 2017 09:44 | Discount | -7.27 |
| Svc Area | A2 | Earned Discount | -0.55 |
| Signed by | R.MORA | Fuel Surcharge | 0.34 |
| FedEx Use | 000000000/2/_ | Courier Pickup Charge | 0.00 |
| | | Total Charge | USD \$10.13 |

| | | |
|--------------------------------|---------------------------|----------------|
| Ship Date: Feb 08, 2017 | Cust. Ref.: Ballot | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 185151.73
 Fuel Surcharge - FedEx has applied a fuel surcharge of 3.50% to this shipment.
 Return: Original Tracking ID 778306153238
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|--------------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790615537372 ✓ | Lee Muchow | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | Bellflower Home Garden Water C | Central Basin MWD |
| Package Type | FedEx Envelope | 8761 Ramona Street | 6252 Telegraph Road |
| Zone | 02 | BELLFLOWER CA 90706 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Feb 09, 2017 09:55 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | R.BAEZ | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.27 |
| | | Print Return Label | 0.50 |
| | | Total Charge | USD \$13.86 |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-711-52378 | Feb 17, 2017 | 3916-4315-6 | 4 of 4 |

Ship Date: Feb 08, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 3.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 185151.73
 Return: Original Tracking ID 778306857130
 Distance Based Pricing, Zone 2

Automation INET
 Tracking ID 790615572536
 Service Type FedEx Priority Overnight
 Package Type FedEx Envelope
 Zone 02
 Packages 1
 Rated Weight N/A
 Declared Value USD 1.00
 Delivered Feb 09, 2017 09:55
 Svc Area A1
 Signed by R.BAEZ
 FedEx Use 000000000/186/_

Sender
 Martin Gonzales
 Walnut Park Mutual Water Compa
 2460 East Florence Avenue
 HUNTINGTON PARK CA 90255 US

Recipient
 Cecilia Pulido
 Central Basin MWD
 6252 Telegraph Road
 LOS ANGELES CA 90040 US

| | |
|--------------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Return On Call Surcharge | 4.00 |
| Fuel Surcharge | 0.41 |
| Adult Signature | 5.50 |
| Earned Discount | -2.81 |
| Print Return Label | 0.50 |
| Total Charge | USD \$18.00 |

Ship Date: Feb 09, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 3.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 185151.73
 Return: Original Tracking ID 778088864486
 Distance Based Pricing, Zone 2

Automation INET
 Tracking ID 790604081529
 Service Type FedEx Priority Overnight
 Package Type FedEx Envelope
 Zone 02
 Packages 1
 Rated Weight N/A
 Declared Value USD 1.00
 Delivered Feb 10, 2017 10:34
 Svc Area A1
 Signed by R.BUES
 FedEx Use 000000000/186/_

Sender
 Martin Susnir
 Tract 349 Mutual Water Company
 4630 Santa Ana Street
 BELL GARDENS CA 90201 US

Recipient
 Cecilia Pulido
 Central Basin MWD
 6252 Telegraph Road
 LOS ANGELES CA 90040 US

| | |
|--------------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Return On Call Surcharge | 4.00 |
| Fuel Surcharge | 0.41 |
| Adult Signature | 5.50 |
| Earned Discount | -2.81 |
| Print Return Label | 0.50 |
| Total Charge | USD \$18.00 |

Ship Date: Feb 14, 2017

Cust. Ref.: Ballot

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 185508.28
 Fuel Surcharge - FedEx has applied a fuel surcharge of 3.50% to this shipment.
 Return: Original Tracking ID 778306515238
 Distance Based Pricing, Zone 2
 Package sent from: 90250 zip code

Automation INET
 Tracking ID 790615554239
 Service Type FedEx Priority Overnight
 Package Type FedEx Envelope
 Zone 02
 Packages 1
 Rated Weight N/A
 Declared Value USD 1.00
 Delivered Feb 15, 2017 10:15
 Svc Area A1
 Signed by R.BEAS
 FedEx Use 000000000/186/_

Sender
 Chau Vu
 City of Bell Gardens
 7100 South Garfield Avenue
 BELL GARDENS CA 90201 US

Recipient
 Margarita Aguilar
 Central Basin MWD
 6252 Telegraph Road
 LOS ANGELES CA 90040 US

| | |
|-----------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Earned Discount | -2.81 |
| Print Return Label | 0.50 |
| Fuel Surcharge | 0.27 |
| Adult Signature | 5.50 |
| Total Charge | USD \$13.86 |

Shipper Subtotal USD \$81.89

Total FedEx Express USD \$81.89



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-719-29544 | Feb 24, 2017 | 3916-4315-6 | 1 of 4 |

FedEx Tax ID: 71-0427007
Store ID: Store #685275

Billing Address:
CENTRAL BASIN MWD
ACCOUNTS PAYABLE
6252 TELEGRAPH RD
COMMERCE CA 90040-2512

Shipping Address:
CENTRAL BASIN MWD
6252 TELEGRAPH RD
COMMERCE CA 90040-2512

Invoice Questions?
Contact FedEx Revenue Services
Phone: (800) 622-1147
M-F 7 AM to 8 PM CST
Sa 7 AM to 6 PM CST
Fax: (800) 548-3020
www.fedex.com

Invoice Summary Feb 24, 2017

FedEx Express Services

| | |
|---------------------------|--------------------|
| Transportation Charges | 154.29 |
| Base Discount | -82.26 |
| Earned/Grace Discount | -21.39 |
| Special Handling Charges | 24.06 |
| Return Surcharges | 10.00 |
| Total Charges | USD \$84.70 |
| TOTAL THIS INVOICE | USD \$84.70 |

You saved \$103.65 in discounts this period!

Shipments included in this invoice received an earned discount. If you would like to know how it was calculated, please go to the following URL:
<https://www.fedex.com/EarnedDiscounts/>.

Other discounts may apply.

INVOICE AUTHORIZED

Dept. Manager _____
Project Manager [Signature]
P.O. No. 2017-103 closed ☐ yes ☒ no
Contract No. _____
Project No. _____

\$64.28 To 2017-103

INVOICE AUTHORIZED

Dept. Manager _____
Project Manager [Signature]
P.O. No. 2017-009 closed ☐ yes ☒ no
Contract No. _____
Project No. _____

\$20.42 To 2017-009

Detailed descriptions of surcharges can be located at fedex.com

To ensure proper credit, please return this portion with your payment to FedEx.
Please do not staple or fold. Please make check payable to FedEx.

☐ For change of address, check here and complete form on reverse side.

| Invoice Number | Account Number | Amount Due |
|----------------|----------------|-------------|
| 5-719-29544 | 3916-4315-6 | USD \$84.70 |

Remittance Advice

Your payment is due by Mar 11, 2017

391643155719295445000000847073

CENTRAL BASIN MWD
ACCOUNTS PAYABLE
6252 TELEGRAPH RD
COMMERCE CA 90040-2512



FedEx
P.O. Box 7221
Pasadena CA 91109-7321

Page
2 of 4

Use this form to fax requests for adjustments due to the reasons indicated below. Requests for adjustments due to other reasons, **including** service failures, should be submitted by going to www.fedex.com or calling 800.622.1147. Please use multiple forms for additional requests.

Requestor Name _____ Date ____/____/____
 Phone _____ - _____ - _____ Fax # _____ - _____ - _____
 E-mail Address _____ ☐ Yes, I want to update account contact with the above information.

| | Tracking Number | Bill to Account | \$ Amount |
|---|-----------------|-----------------|-----------|
| R | | | |
| e | | | |
| b | | | |
| i | | | |
| l | | | |
| s | | | |

| | | | | |
|------------------|--------------------------|-------------------------|----------------------------|--|
| C o d e | ADR - Address Correction | INW - Incorrect Weight | OVS - Oversize Surcharge | For all Service failures or other surcharges please use our web site www.fedex.com or call (800) 622-1147 |
| | DVC - Declared Value | INS - Incorrect Service | RSU - Residential Delivery | |
| | IAN - Invalid Acct # | OCF - Grd Pick-up Fee | PND - Pwrshp Not Delivered | |
| | | OCS - Exp Pick-up Fee | SDR - Saturday Delivery | |
| | | | | |

| C r e d i t s | | | | | Rerate information only (round to nearest inch) | | | | | | | | | |
|---------------------------------|-----------------|--|--|--|---|-----------|--|-----|---|---|---|--|---|--|
| | Tracking Number | | | | Code | \$ Amount | | LBS | L | W | H | | | |
| | | | | | | | | | | | X | | X | |
| | | | | | | | | | | | X | | X | |
| | | | | | | | | | | | X | | X | |
| | | | | | | | | | | | X | | X | |
| | | | | | | | | | | | X | | X | |

| Check all that apply | Effective Date / / |
|---|---|
| <input type="checkbox"/> Shipping Address (Physical Address) | <input type="checkbox"/> Billing Address Only <input type="checkbox"/> Billing Same As Shipping Address |
| Company | Company |
| Address | Address |
| Address | Address |
| Dept. | Dept. |
| Floor Apt/Suite # | Floor Apt/Suite # |
| City | City |
| State Zip Code - | State Zip Code - |
| Phone - - | Phone - - |
| Fax # - - | Fax # - - |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-719-29544 | Feb 24, 2017 | 3916-4315-6 | 3 of 4 |

FedEx Express Shipment Detail By Payor Type (Original)

| | | |
|-------------------------|--------------------------------------|---------|
| Ship Date: Feb 15, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 3.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 185508.28
 Return: Original Tracking ID 778305959172
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790615526743 ✓ | Michael Gualieri | Cecilia Pulido |
| Service Type | FedEx Priority Overnight | La Habra Heights County Water | Central Basin MWD |
| Package Type | FedEx Envelope | 1271 North Hacienda Road | 6252 Telegraph Road |
| Zone | 02 | LA HABRA CA 90631 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Feb 16, 2017 09:35 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | R.BEAS | Fuel Surcharge | 0.27 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Print Return Label | 0.50 |
| | | Total Charge | USD \$13.86 |

| | | |
|-------------------------|--------------------|---------|
| Ship Date: Feb 15, 2017 | Cust. Ref.: Ballot | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 3.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 185508.28
 Return: Original Tracking ID 778307409751
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|--------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790615600702 ✓ | Steve Myrter | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | City of Signal Hill | Central Basin MWD |
| Package Type | FedEx Envelope | 2175 Cherry Avenue | 6252 Telegraph Road |
| Zone | 02 | SIGNAL HILL CA 90755 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Feb 16, 2017 09:35 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.41 |
| Signed by | R.BEAS | Print Return Label | 0.50 |
| FedEx Use | 000000000/186/_ | Return On Call Surcharge | 4.00 |
| | | Adult Signature | 5.50 |
| | | Earned Discount | -2.81 |
| | | Total Charge | USD \$18.00 |

| | | |
|-------------------------|--------------------------------------|---------|
| Ship Date: Feb 16, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 185508.28
 Fuel Surcharge - FedEx has applied a fuel surcharge of 3.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|--------------|--------------------------|-------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778446954026 ✓ | Sharon Kumar | Ms. Grayce Lee |
| Service Type | FedEx Standard Overnight | Central Basin MWD | Akin Gump, LLP |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 1999 Avenue of the Stars, Suit |
| Zone | 02 | LOS ANGELES CA 90040 US | LOS ANGELES CA 90067 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 21.95 |
| Delivered | Feb 17, 2017 10:24 | Discount | -11.70 |
| Svc Area | A1 | Earned Discount | -2.48 |
| Signed by | N.NICK | Fuel Surcharge | 0.27 |
| FedEx Use | 000000000/200/_ | Courier Pickup Charge | 0.00 |
| | | Total Charge | USD \$8.04 |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-719-29544 | Feb 24, 2017 | 3916-4315-6 | 4 of 4 |

Ship Date: Feb 16, 2017
 Payor: Shipper

Cust. Ref.: NO REFERENCE INFORMATION
 Ref.#3:
 Ref.#2:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 185508.28
 Fuel Surcharge - FedEx has applied a fuel surcharge of 3.50% to this shipment.
 Return: Original Tracking ID 778306298453
 Distance Based Pricing, Zone 3
 Package sent from: 95131 zip code

| | | | |
|----------------|--------------------------|--------------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790615544168 | Henry Wind | Cecilia Pulido |
| Service Type | FedEx Priority Overnight | California Water Service Compa | Central Basin MWD |
| Package Type | FedEx Envelope | 2000 S. Tubeway Avenue | 6252 Telegraph Road |
| Zone | 03 | LOS ANGELES CA 90040 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 26.54 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Feb 17, 2017 10:13 | Discount | -14.15 |
| Svc Area | A1 | Earned Discount | -4.25 |
| Signed by | R.BEAS | Adult Signature | 5.50 |
| FedEx Use | 000000000/197/_ | Fuel Surcharge | 0.28 |
| | | Print Return Label | 0.50 |
| | | Total Charge | USD \$14.42 |

Ship Date: Feb 17, 2017
 Payor: Shipper

Cust. Ref.: Ballot
 Ref.#3:
 Ref.#2:

Fuel Surcharge - FedEx has applied a fuel surcharge of 3.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 185508.28
 Return: Original Tracking ID 778307330651
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|------------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790615596934 | James EnriquezRene Bobadilla | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | City of Pico Rivera | Central Basin |
| Package Type | FedEx Envelope | 6615 Passons Boulevard | 6252 Telegraph Road |
| Zone | 02 | PICO RIVERA CA 90660 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Feb 21, 2017 09:01 | Discount | -11.88 |
| Svc Area | A1 | Print Return Label | 0.50 |
| Signed by | R.BEAS | Fuel Surcharge | 0.41 |
| FedEx Use | 000000000/186/_ | Return On Call Surcharge | 4.00 |
| | | Adult Signature | 5.50 |
| | | Earned Discount | -2.81 |
| | | Total Charge | USD \$18.00 |

Ship Date: Feb 21, 2017
 Payor: Shipper

Cust. Ref.: NO REFERENCE INFORMATION
 Ref.#3:
 Ref.#2:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 185707.22
 Fuel Surcharge - FedEx has applied a fuel surcharge of 3.50% to this shipment.
 Distance Based Pricing, Zone 8

| | | | |
|--------------|--------------------------|-------------------------|-----------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778482480289 | Sharon Kumar | Michelle Piemonte |
| Service Type | FedEx Standard Overnight | Central Basin MWD | DSCI |
| Package Type | FedEx Envelope | 6252 Telegraph Road | One Sundial Ave., Suite 414 |
| Zone | 08 | LOS ANGELES CA 90040 US | MANCHESTER NH 03103 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 38.96 |
| Delivered | Feb 22, 2017 09:21 | Discount | -20.77 |
| Svc Area | A1 | Courier Pickup Charge | 0.00 |
| Signed by | L.SAKAMATE | Earned Discount | -6.23 |
| FedEx Use | 000000000/266/_ | Fuel Surcharge | 0.42 |
| | | Total Charge | USD \$12.38 |

Shipper Subtotal USD \$84.70

Total FedEx Express USD \$84.70



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|---------|
| 5-667-12617 | Jan 06, 2017 | 3916-4315-6 | 1 of 14 |

FedEx Tax ID: 71-0427007
 Store ID: Store #685275

Billing Address:

CENTRAL BASIN MWD
 ACCOUNTS PAYABLE
 6252 TELEGRAPH RD
 COMMERCE CA 90040-2512

Shipping Address:

CENTRAL BASIN MWD
 6252 TELEGRAPH RD
 COMMERCE CA 90040-2512

Invoice Questions?

Contact FedEx Revenue Services

Phone: (800) 622-1147
 M-F 7 AM to 8 PM CST
 Sa 7 AM to 6 PM CST
 Fax: (800) 548-3020
 Internet: www.fedex.com

Invoice Summary Jan 06, 2017

FedEx Express Services

| | | |
|---------------------------|------------|-----------------|
| Transportation Charges | | 779.80 |
| Base Discount | | -415.80 |
| Earned/Grace Discount | | -98.35 |
| Special Handling Charges | | 199.15 |
| Total Charges | USD | \$464.80 |
| TOTAL THIS INVOICE | USD | \$464.80 |

You saved \$514.15 in discounts this period!

Shipments included in this invoice received an earned discount. If you would like to know how it was calculated, please go to the following URL:
<https://www.fedex.com/EarnedDiscounts/>

Other discounts may apply.

INVOICE AUTHORIZED

Dept. Manager _____
 Project Manager St
 P.O. No. 2017-009 closed ☐ Yes ☒ No
 Contract No. _____
 Project No. _____

Detailed descriptions of surcharges can be located at fedex.com

To ensure proper credit, please return this portion with your payment to FedEx.
 Please do not staple or fold. Please make check payable to FedEx.

☐ For change of address, check here and complete form on reverse side.

| Invoice Number | Account Number | Amount Due |
|----------------|----------------|--------------|
| 5-667-12617 | 3916-4315-6 | USD \$464.80 |

Remittance Advice

Your payment is due by Jan 21, 2017

391643155667126170600004648007

CENTRAL BASIN MWD
 ACCOUNTS PAYABLE
 6252 TELEGRAPH RD
 COMMERCE CA 90040-2512



FedEx
 P.O. Box 7221
 Pasadena CA 91109-7321

**Adjustment Request
Fax to (800) 548-3020**

Contact Information

Please complete all fields in black ink.

Requestor Name _____ Date ____/____/____

Phone _____ - _____ - _____ Fax# _____ - _____ - _____

E-mail Address _____ ☐ Yes, I want to update account contact with the above information.

[illegible]

| | | | | |
|------------------|--------------------------|-------------------------|----------------------------|---|
| C o d e | ADR - Address Correction | INW - Incorrect Weight | OVS - Oversize Surcharge | For all Service failures or other surcharges please use our web site www.fedex.com or call (800) 622-1147 |
| | DVC - Declared Value | INS - Incorrect Service | RSU - Residential Delivery | |
| | IAN - Invalid Acct # | OCF - Grd Pick-up Fee | PND - Pwrshp Not Delivered | |
| | OCS - Exp Pick-up Fee | SDR - Saturday Delivery | | |

[illegible]

| Check all that apply | Effective Date / / |
|--|--|
| <input type="checkbox"/> Shipping Address (Physical Address) | <input type="checkbox"/> Billing Address Only <input type="checkbox"/> Billing Same As Shipping Address |
| Company | Company |
| Address | Address |
| Address | Address |
| Dept. | Dept. |
| Floor Apt/Suite # | Floor Apt/Suite # |
| City | City |
| State Zip Code - | State Zip Code - |
| Phone - - | Phone - - |
| Fax # - - | Fax # - - |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|---------|
| 5-667-12617 | Jan 06, 2017 | 3916-4315-6 | 3 of 14 |

FedEx Express Shipment Detail By Payor Type (Original)

| | | |
|-------------------------|--------------------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|-----------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778087067682 | Cecilia Pulido | Patrick Scanlon |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Golden State Water Company |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 630 East Foothill Boulevard |
| Zone | 02 | LOS ANGELES CA 90040 US | SAN DIMAS CA 91773 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:07 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | V.ACOSTA | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |

| | | |
|-------------------------|--------------------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778087201916 | Cecilia Pulido | Henry Wind |
| Service Type | FedEx Priority Overnight | Central Basin MWD | California Water Service Compa |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 2000 S. Tubeway Avenue |
| Zone | 02 | LOS ANGELES CA 90040 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:17 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | S.SIERRA | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

| | | |
|-------------------------|--------------------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|--------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778087327952 | Cecilia Pulido | Jeanne-Marie Bruno |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Liberty Utilities |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 9750 Washburn Road |
| Zone | 02 | LOS ANGELES CA 90040 US | DOWNEY CA 90241 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:13 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | B.CHRISTIANCY | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|---------|
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Ship Date: Jan 03, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|--------------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778087405527 ✓ | Margarita Aguilar | Ken Bradbury |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | Montebello Land & Water Compan |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 344 East Madison Avenue |
| Zone | 02 | | MONTEBELLO CA 90640 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 09:26 | Discount | -11.88 |
| Svc Area | A2 | Adult Signature | 5.50 |
| Signed by | V.GOMEZ | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 03, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|------------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778087432152 ✓ | Cecilia Pulido | Frank Beach |
| Service Type | FedEx Priority Overnight | Central Basin MWD | City of Santa Fe Springs |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 11710 Telegraph Road |
| Zone | 02 | LOS ANGELES CA 90040 US | SANTA FE SPRINGS CA 90670 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:18 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | Y.LLAMAS | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 03, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16

Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|-------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778087523161 ✓ | Cecilia Pulido | Derek Wieske |
| Service Type | FedEx Priority Overnight | Central Basin MWD | City of Vernon |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 4305 Santa Fe Avenue |
| Zone | 02 | LOS ANGELES CA 90040 US | LOS ANGELES CA 90058 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 09:29 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | H.ERRERA | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.28 |



| Invoice Number | Invoice Date | Account Number | Page |
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| 5-667-12617 | Jan 06, 2017 | 3916-4315-6 | 5 of 14 |

| | | |
|-------------------------|--------------------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|-------------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778087743776 ✓ | Cecilia Pulido | Michael Gualieri |
| Service Type | FedEx Priority Overnight | Central Basin MWD | La Habra Heights County Water |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 1271 North Hacienda Road |
| Zone | 02 | LOS ANGELES CA 90040 US | LA HABRA CA 90631 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:03 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | M.ABUD | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |

| | | |
|-------------------------|--------------------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|-----------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778087908725 ✓ | Cecilia Pulido | Ed Castaneda |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Orchard Dale Water District |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 13819 E. Telegraph Road |
| Zone | 02 | LOS ANGELES CA 90040 US | WHITTIER CA 90604 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 09:48 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | C.VANHORN | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

| | | |
|-------------------------|-----------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|--------------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778087920998 ✓ | Margarita Aguilar | Dan Arrighi |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | San Gabriel Valley Water Compa |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 11142 Garvey Avenue |
| Zone | 02 | | SOUTH EL MONTE CA 91733 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:23 | Discount | -11.88 |
| Svc Area | A2 | Earned Discount | -2.81 |
| Signed by | M.VERSTIENEN | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |



| Invoice Number | Invoice Date | Account Number | Page |
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| 5-667-12617 | Jan 06, 2017 | 3916-4315-6 | 6 of 14 |

Ship Date: Jan 03, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778087995139 ✓ | Cecilia Pulido | Mark Grajeda |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Pico Water District |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 4843 Church Street |
| Zone | 02 | LOS ANGELES CA 90040 US | PICO RIVERA CA 90660 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 09:31 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | A.LOPEZ | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 03, 2017

Cust. Ref.: Nomination Form

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778088041244 ✓ | Margarita Aguilar | Beatriz Reviera |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | Suburban Water Systems |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 1325 N. Grand Avenue, Suite 10 |
| Zone | 02 | | COVINA CA 91724 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 09:41 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | N.PONCE | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 03, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778088093664 ✓ | Cecilia Pulido | Thomas Martin |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Sativa L.A. County Water Distr |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 2015 E. Hatchway |
| Zone | 02 | LOS ANGELES CA 90040 US | COMPTON CA 90222 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 09:35 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | M.MONICA | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |



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| | | |
|--------------------------------|------------------------------------|----------------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|----------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778088165726 | Margarita Aguilar | Chau Vu |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Bell Gardens |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 7100 South Garfield Avenue |
| Zone | 02 | | BELL GARDENS CA 90201 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 09:40 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | G.GOMEZ | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.28 |

| | | |
|--------------------------------|---|----------------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778088197310 | Cecilia Pulido | Alberto Corrales |
| Service Type | FedEx Priority Overnight | Central Basin MWD | South Montebello Irrigation Di |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 437 S. Bluff Road |
| Zone | 02 | LOS ANGELES CA 90040 US | MONTEBELLO CA 90640 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 11:09 | Discount | -11.88 |
| Svc Area | A2 | Adult Signature | 5.50 |
| Signed by | P.OCHOA | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

| | | |
|--------------------------------|------------------------------------|----------------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|--------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778088323850 | Margarita Aguilar | Len Gorecki |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Bellflower |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 16600 Civic Center Drive |
| Zone | 02 | | BELLFLOWER CA 90706 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:08 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | C.CELIA | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |


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Invoice Date

Jan 06, 2017

Account Number

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Ship Date: Jan 03, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:
Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778088337504 ✓ | Cecilia Pulido | Roberto Olvera |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Bellflower-Somerset Mutual Wat |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 10016 Flower Street |
| Zone | 02 | LOS ANGELES CA 90040 US | BELLFLOWER CA 90706 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:05 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | A.ANDREA | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 03, 2017

Cust. Ref.: Nomination Form

Ref.#2:
Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778088439635 ✓ | Margarita Aguilar | Art Galluci |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Cerritos |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 18125 Bloomfield Avenue |
| Zone | 02 | | CERRITOS CA 90703 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 09:32 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | V.VILLALOBOS | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 03, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:
Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16

Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778088525870 ✓ | Cecilia Pulido | Sergio Palos |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Maywood Mutual Water Company N |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 5953 South Gifford Avenue |
| Zone | 02 | LOS ANGELES CA 90040 US | HUNTINGTON PARK CA 90255 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 11:09 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | R.HANNA | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.28 |



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| | | |
|-------------------------|-----------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|-------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778088541400 ✓ | Margarita Aguilar | Jorge Rifa |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Commerce |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 2535 Commerce Way |
| Zone | 02 | | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:14 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | I.FLORES | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |

| | | |
|-------------------------|--------------------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|--------------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778088612781 ✓ | Cecilia Pulido | Luis Gonzales |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Maywood Mutual Water Company N |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 3521 East Slauson Avenue |
| Zone | 02 | LOS ANGELES CA 90040 US | MAYWOOD CA 90270 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:09 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | B.ORTEGA | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.28 |

| | | |
|-------------------------|-----------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|---------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778088634488 ✓ | Margarita Aguilar | Glen Kau |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Compton |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 205 S. Willowbrook Avenue |
| Zone | 02 | | COMPTON CA 90220 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:57 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | E.WILSON | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|----------|
| 5-667-12617 | Jan 06, 2017 | 3916-4315-6 | 10 of 14 |

| | | |
|-------------------------|--------------------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778088693395 | Cecilia Pulido | Robert Rohlf |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Maywood Mutual Water Company N |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 6151 Heliotrope Avenue |
| Zone | 02 | LOS ANGELES CA 90040 US | MAYWOOD CA 90270 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:11 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | V.HEADLEY | Courier Pickup Charge | 0.00 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.28 |

| | | |
|-------------------------|-----------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778088731735 | Margarita Aguilar | Mohammad Mostahkami |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Downey |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 1111 Brookshire Avenue |
| Zone | 02 | | DOWNEY CA 90241 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 09:29 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | K.VAN RAAV | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |

| | | |
|-------------------------|-----------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|-----------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778088833204 | Margarita Aguilar | Edgar Cisneros |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Huntington Park |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 6550 Miles Avenue |
| Zone | 02 | | HUNTINGTON PARK CA 90255 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:42 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | M.CASTIQLLO | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.28 |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|----------|
| 5-667-12617 | Jan 06, 2017 | 3916-4315-6 | 11 of 14 |

Ship Date: Jan 03, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778088864486 | Cecilia Pulido | Martin Susnir |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Tract 349 Mutual Water Company |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 4630 Santa Ana Street |
| Zone | 02 | LOS ANGELES CA 90040 US | BELL GARDENS CA 90201 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:47 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | Z.FARKAS | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 03, 2017

Cust. Ref.: Nomination Form

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16

Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|----------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778088908700 | Margarita Aguilar | Jason Wen |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Lakewood |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 5050 N. Clark Avenue |
| Zone | 02 | | LAKEWOOD CA 90712 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:21 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | M.CINDY | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 03, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16

Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|--------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778088952176 | Cecilia Pulido | Martin Gonzales |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Walnut Park Mutual Water Compa |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 2460 East Florence Avenue |
| Zone | 02 | LOS ANGELES CA 90040 US | HUNTINGTON PARK CA 90255 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 09:36 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | R.ROSE P | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |



| Invoice Number | Invoice Date | Account Number | Page |
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| 5-667-12617 | Jan 06, 2017 | 3916-4315-6 | 12 of 14 |

| | | |
|-------------------------|-----------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|---------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778088989839 | Margarita Aguilar | J. Arnoldo Beltran |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Lynwood |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 11330 Bullis Road |
| Zone | 02 | | LYNWOOD CA 90262 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 09:45 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | Y.DELGADILLO | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.28 |

| | | |
|-------------------------|-----------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|---------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778089093980 | Margarita Aguilar | Danilo Batson |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Montebello |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 1600 W. Beverly Boulevard |
| Zone | 02 | | MONTEBELLO CA 90640 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:08 | Discount | -11.88 |
| Svc Area | A2 | Adult Signature | 5.50 |
| Signed by | M.LANE | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

| | | |
|-------------------------|-----------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778089190274 | Margarita Aguilar | Adriana Figueroa |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Norwalk |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 12700 Norwalk Boulevard |
| Zone | 02 | | NORWALK CA 90650 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 09:41 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | N.JARAMILLO | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|----------|
| 5-667-12617 | Jan 06, 2017 | 3916-4315-6 | 13 of 14 |

| | | |
|--------------------------------|------------------------------------|----------------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|-----------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778089280200 | Margarita Aguilar | Chris Cash |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Paramount |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 16400 Colorado Avenue |
| Zone | 02 | | PARAMOUNT CA 90723 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 11:03 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | P.BRONDOZO | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |

| | | |
|--------------------------------|------------------------------------|----------------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|-------------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778089358553 | Margarita Aguilar | James Enriquez/Rene Bobadilla |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Pico Rivera |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 6615 Passons Boulevard |
| Zone | 02 | | PICO RIVERA CA 90660 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:09 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | N.JAMIE | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |

| | | |
|--------------------------------|------------------------------------|----------------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 778089449849 | Margarita Aguilar | Steve Myrter |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Signal Hill |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 2175 Cherry Avenue |
| Zone | 02 | | SIGNAL HILL CA 90755 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 09:27 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | E.HAMILTON | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.28 |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|----------|
| 5-667-12617 | Jan 06, 2017 | 3916-4315-6 | 14 of 14 |

Ship Date: Jan 03, 2017

Cust. Ref.: Nomination Form

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778089516688 ✓ | Margarita Aguilar | Michael Flad |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of South Gate |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 8650 California Avenue |
| Zone | 02 | | SOUTH GATE CA 90280 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 10:53 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | R.LARIOS | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 03, 2017

Cust. Ref.: Nomination Form

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-------------------------|------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778089564966 ✓ | Margarita Aguilar | Dave Schickling |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | City of Whittier |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 13230 East Penn Street |
| Zone | 02 | | WHITTIER CA 90602 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 04, 2017 09:42 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | J.VICUNA | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.28 |

Shipper Subtotal USD \$464.80

Total FedEx Express USD \$464.80



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-673-68101 | Jan 13, 2017 | 3916-4315-6 | 1 of 6 |

FedEx Tax ID: 71-0427007
 Store ID: Store #685275

Billing Address:

CENTRAL BASIN MWD
 ACCOUNTS PAYABLE
 6252 TELEGRAPH RD
 COMMERCE CA 90040-2512

Shipping Address:

CENTRAL BASIN MWD
 6252 TELEGRAPH RD
 COMMERCE CA 90040-2512

Invoice Questions?

Contact FedEx Revenue Services

Phone: (800) 622-1147
 M-F 7 AM to 8 PM CST
 Sa 7 AM to 6 PM CST
 Fax: (800) 548-3020
 Internet: www.fedex.com

Invoice Summary Jan 13, 2017

FedEx Express Services

| | | |
|---------------------------|------------|-----------------|
| Transportation Charges | | 222.91 |
| Base Discount | | -116.65 |
| Earned/Grace Discount | | -26.58 |
| Special Handling Charges | | 54.79 |
| Return Surcharges | | 14.50 |
| Total Charges | USD | \$148.97 |
| TOTAL THIS INVOICE | USD | \$148.97 |

You saved \$143.23 in discounts this period!

Shipments included in this invoice received an earned discount. If you would like to know how it was calculated, please go to the following URL:
<https://www.fedex.com/EarnedDiscounts/>

Other discounts may apply.

INVOICE AUTHORIZED

Dept. Manager _____
 Project Manager CA
 P.O. No. 2017-009 closed ☐ Yes ☒ No
 Contract No. _____
 Project No. _____

Detailed descriptions of surcharges can be located at fedex.com

To ensure proper credit, please return this portion with your payment to FedEx.
 Please do not staple or fold. Please make check payable to FedEx.

☐ For change of address, check here and complete form on reverse side.

| Invoice Number | Account Number | Amount Due |
|----------------|----------------|--------------|
| 5-673-68101 | 3916-4315-6 | USD \$148.97 |

Remittance Advice

Your payment is due by Jan 28, 2017

391643155673681010100001489735

CENTRAL BASIN MWD
 ACCOUNTS PAYABLE
 6252 TELEGRAPH RD
 COMMERCE CA 90040-2512



FedEx
 P.O. Box 7221
 Pasadena CA 91109-7321

Adjustment Request
Fax to (800) 548-3020

[illegible]



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-673-68101 | Jan 13, 2017 | 3916-4315-6 | 3 of 6 |

FedEx Express Shipment Detail By Payor Type (Original)

| | | |
|-------------------------|--------------------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Incorrect recipient address.
 Distance Based Pricing, Zone 2
 FedEx has audited this shipment for correct packages, weight, and service. Any changes made are reflected in the invoice amount.
 Original address - 1100 N. Eastern Avenue, Room 2/LOS ANGELES, CA 90022
 The package weight exceeds the maximum for the packaging type, therefore, FedEx Envelope was rated as FedEx Pak.

| Automation | INET | Sender | Recipient |
|----------------|--------------------------|-------------------------|--------------------------------|
| Tracking ID | 778087619161 ✓ | Margarita Aguilar | Brian Roberts |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | Rancho Los Amigos Golf Course |
| Package Type | FedEx Pak | LOS ANGELES CA 90040 US | 1100 N. Eastern Avenue, Room 2 |
| Zone | 02 | | LOS ANGELES CA 90063 US |
| Packages | 1 | | |
| Rated Weight | 1.0 lbs, 0.5 kgs | Transportation Charge | 26.59 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 05, 2017 10:18 | Discount | -14.18 |
| Svc Area | A1 | Fuel Surcharge | 0.22 |
| Signed by | R.RAQEL | Address Correction | 14.00 |
| FedEx Use | 000000000/1486/_ | Earned Discount | -3.58 |
| | | Total Charge | USD \$23.05 |

| | | |
|-------------------------|--------------------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Business Closed or Adult Recipient Unavailable - Delivery Not Completed.
 Distance Based Pricing, Zone 2

| Automation | INET | Sender | Recipient |
|----------------|--------------------------|-------------------------|--------------------------------|
| Tracking ID | 778088421380 ✓ | Cecilia Pulido | Felix Contreras |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Lynwood Park Mutual Water Comp |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 2644 E. 124th Street |
| Zone | 02 | LOS ANGELES CA 90040 US | COMPTON CA 90222 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 10, 2017 10:44 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | J.MESA | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.28 |

| | | |
|-------------------------|--------------------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Distance Based Pricing, Zone 2

| Automation | INET | Sender | Recipient |
|----------------|--------------------------|-------------------------|--------------------------------|
| Tracking ID | 778088781074 ✓ | Cecilia Pulido | George Perez |
| Service Type | FedEx Priority Overnight | Central Basin MWD | Tract 180 Mutual Water Company |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 4544 Florence Avenue |
| Zone | 02 | LOS ANGELES CA 90040 US | BELL GARDENS CA 90201 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 05, 2017 10:54 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | A.RAMON | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |



| Invoice Number | Invoice Date | Account Number | Page |
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| 5-673-68101 | Jan 13, 2017 | 3916-4315-6 | 4 of 6 |

Ship Date: Jan 04, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Distance Based Pricing, Zone 2

| | | | |
|--------------|--------------------------|-------------------------|--------------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778100946532 ✓ | Christopher Alvarez | Attn: Conflict/Lobbyist Divisi |
| Service Type | FedEx Standard Overnight | Central Basin MWD | LA County Board of Supervisors |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 500 W TEMPLE ST |
| Zone | 02 | LOS ANGELES CA 90040 US | LOS ANGELES CA 90012 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 21.95 |
| Delivered | Jan 05, 2017 12:48 | Discount | -11.70 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | A.MENDOZA | Earned Discount | -2.48 |
| FedEx Use | 000000000/200/_ | Courier Pickup Charge | 0.00 |
| | | Total Charge | USD \$7.96 |

Ship Date: Jan 04, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Return: Original Tracking ID 778087908725
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-----------------------------|-------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 790604029351 ✓ | Ed Castaneda | Cecilia Pulido |
| Service Type | FedEx Priority Overnight | Orchard Dale Water District | Central Basin MWD |
| Package Type | FedEx Envelope | 13819 E. Telegraph Road | 6252 Telegraph Road |
| Zone | 02 | WHITTIER CA 90604 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 05, 2017 10:47 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | B.RUBEN | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Print Return Label | 0.50 |
| | | Total Charge | USD \$13.78 |

Ship Date: Jan 04, 2017

Cust. Ref.: Nomination Form

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Return: Original Tracking ID 778089280200
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|--------------------------|-------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 790604104199 ✓ | Chris Cash | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | City of Paramount | Central Basin MWD |
| Package Type | FedEx Envelope | 16400 Colorado Avenue | 6252 Telegraph Road |
| Zone | 02 | PARAMOUNT CA 90723 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 05, 2017 10:47 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | B.RUBEN | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Return On Call Surcharge | 4.00 |
| | | Print Return Label | 0.50 |
| | | Fuel Surcharge | 0.29 |
| | | Total Charge | USD \$17.88 |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-673-68101 | Jan 13, 2017 | 3916-4315-6 | 5 of 6 |

Ship Date: Jan 05, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Distance Based Pricing, Zone 2

FedEx has audited this shipment for correct packages, weight, and service. Any changes made are reflected in the invoice amount.

| | | | |
|--------------|--------------------|-------------------------|----------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778111436579 ✓ | Sharon Kumar | ALFRED SMITH |
| Service Type | FedEx 2Day A.M. | Central Basin MWD | NOSSAMAN, LLP |
| Package Type | FedEx Pak | 6252 Telegraph Road | 777 South Figueroa Street, |
| Zone | 02 | LOS ANGELES CA 90040 US | LOS ANGELES CA 90017 US |
| Packages | 1 | | |
| Rated Weight | 1.0 lbs, 0.5 kgs | Transportation Charge | 18.41 |
| Delivered | Jan 09, 2017 09:46 | Discount | -7.61 |
| Svc Area | A2 | Earned Discount | -0.85 |
| Signed by | S.JACOBS | Courier Pickup Charge | 0.00 |
| FedEx Use | 000000000/4/_ | Fuel Surcharge | 0.25 |
| | | Total Charge | USD \$10.20 |

Ship Date: Jan 05, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Return: Original Tracking ID 778087327952

Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|-----------------------|-------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 790603999242 ✓ | Jeanne-Marie Bruno | Cecilia Pulido |
| Service Type | FedEx Priority Overnight | Liberty Utilities | Central Basin MWD |
| Package Type | FedEx Envelope | 9750 Washburn Road | 6252 Telegraph Road |
| Zone | 02 | DOWNEY CA 90241 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 06, 2017 10:24 | Discount | -11.88 |
| Svc Area | A1 | Print Return Label | 0.50 |
| Signed by | R.BAEZ | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.78 |

Ship Date: Jan 10, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 180931.71

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Return: Original Tracking ID 778087995139

Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|--------------------------|-------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 790604033917 ✓ | Mark Grajeda | Cecilia Pulido |
| Service Type | FedEx Priority Overnight | Pico Water District | Central Basin MWD |
| Package Type | FedEx Envelope | 4843 Church Street | 6252 Telegraph Road |
| Zone | 02 | PICO RIVERA CA 90660 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 11, 2017 10:21 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | R.BEAS | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Return On Call Surcharge | 4.00 |
| | | Fuel Surcharge | 0.29 |
| | | Print Return Label | 0.50 |
| | | Total Charge | USD \$17.88 |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-673-68101 | Jan 13, 2017 | 3916-4315-6 | 6 of 6 |

Ship Date: Jan 10, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 180931.71

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Return: Original Tracking ID 778088197310

Distance Based Pricing, Zone 2

| Automation | INET | Sender | Recipient |
|----------------|--------------------------|--------------------------------|-------------------------|
| Tracking ID | 790604045428 | Alberto Corrales | Cecilia Pulido |
| Service Type | FedEx Priority Overnight | South Montebello Irrigation Di | Central Basin MWD |
| Package Type | FedEx Envelope | 437 S. Bluff Road | 6252 Telegraph Road |
| Zone | 02 | MONTEBELLO CA 90640 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 11, 2017 10:21 | Discount | -11.88 |
| Svc Area | A1 | Print Return Label | 0.50 |
| Signed by | R.BEAS | Return On Call Surcharge | 4.00 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Adult Signature | 5.50 |
| | | Fuel Surcharge | 0.29 |
| | | Total Charge | USD \$17.88 |

Shipper Subtotal USD \$148.97

Total FedEx Express USD \$148.97



Billing Address:

CENTRAL BASIN MWD
ACCOUNTS PAYABLE
6252 TELEGRAPH RD
COMMERCE CA 90040-2512

Invoice Summary Jan 27, 2017

FedEx Express Services

| | |
|---------------------------|---------------------|
| Transportation Charges | 193.07 |
| Base Discount | -100.72 |
| Earned/Grace Discount | -24.85 |
| Special Handling Charges | 45.99 |
| Return Surcharges | 16.00 |
| Total Charges | USD \$129.49 |
| TOTAL THIS INVOICE | USD \$129.49 |

You saved \$125.57 in discounts this period!

Shipments included in this invoice received an earned discount. If you would like to know how it was calculated, please go to the following URL:

<https://www.fedex.com/EarnedDiscounts/>

Other discounts may apply.

INVOICE AUTHORIZED

Dept. Manager _____
Project Manager Cd
P.O. No. 2017-02709 closed ☐ yes ☒ no
Contract No. _____
Project No. _____

Detailed descriptions of surcharges can be located at fedex.com

To ensure proper credit, please return this portion with your payment to FedEx.
Please do not staple or fold. Please make check payable to FedEx.

☐ For change of address, check here and complete form on reverse side.

Remittance Advice

Your payment is due by Feb 11, 2017

| Invoice Number | Account Number | Amount Due |
|----------------|----------------|--------------|
| 5-688-37275 | 3916-4315-6 | USD \$129.49 |

CREDIT REF #: 6119NFE \$122.54

391643155688372753300001294940

CENTRAL BASIN MWD
ACCOUNTS PAYABLE
6252 TELEGRAPH RD
COMMERCE CA 90040-2512



FedEx
P.O. Box 7221
Pasadena CA 91109-7321



| | | | |
|-----------------------|---------------------|-----------------------|--------|
| Invoice Number | Invoice Date | Account Number | Page |
| 5-688-37275 | Jan 27, 2017 | 3916-4315-6 | 2 of 5 |

Adjustment Request

Fax to (800) 548-3020

Use this form to fax requests for adjustments due to the reasons indicated below. Requests for adjustments due to other reasons, **including** service failures, should be submitted by going to **www.fedex.com** or calling 800.622.1147. Please use multiple forms for additional requests.

C o n t a c t

Please complete all fields in black ink.

Requestor Name Date / /

Phone - - Fax # - -

E-mail Address ☐ Yes, I want to update account contact with the above information.

R e b i l l s

| Tracking Number | Bill to Account | \$ Amount |
|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |

C o d e

| | | | |
|--------------------------|-------------------------|----------------------------|--|
| ADR - Address Correction | INW - Incorrect Weight | OVS - Oversize Surcharge | For all Service failures or other surcharges please use our web site www.fedex.com or call (800) 622-1147 |
| DVC - Declared Value | INS - Incorrect Service | RSU - Residential Delivery | |
| IAN - Invalid Acct # | OCF - Grd Pick-up Fee | PND - Pwrshp Not Delivered | |
| | OCS - Exp Pick-up Fee | SDR - Saturday Delivery | |

C r e d i t s

| Tracking Number | Code | \$ Amount | Rerate information only (round to nearest inch) | | | |
|----------------------|----------------------|----------------------|---|----------------------|----------------------|----------------------|
| | | | LBS | L | W | H |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

Check all that apply Effective Date / /

| | |
|--|--|
| <input type="checkbox"/> Shipping Address (Physical Address) Company <input type="text"/> Address <input type="text"/> Address <input type="text"/> Dept. <input type="text"/> Floor <input type="text"/> Apt/Suite # <input type="text"/> City <input type="text"/> State <input type="text"/> Zip Code <input type="text"/> - <input type="text"/> Phone <input type="text"/> - <input type="text"/> - <input type="text"/> Fax # <input type="text"/> - <input type="text"/> - <input type="text"/> | <input type="checkbox"/> Billing Address Only <input type="checkbox"/> Billing Same As Shipping Address Company <input type="text"/> Address <input type="text"/> Address <input type="text"/> Dept. <input type="text"/> Floor <input type="text"/> Apt/Suite # <input type="text"/> City <input type="text"/> State <input type="text"/> Zip Code <input type="text"/> - <input type="text"/> Phone <input type="text"/> - <input type="text"/> - <input type="text"/> Fax # <input type="text"/> - <input type="text"/> - <input type="text"/> |
|--|--|



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-688-37275 | Jan 27, 2017 | 3916-4315-6 | 3 of 5 |

FedEx Express Shipment Detail By Payor Type (Original)

| | | |
|-------------------------|--------------------------------------|---------|
| Ship Date: Jan 18, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181848.85
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Return: Original Tracking ID 778088337504
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|--------------------------------|-------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 790604052533 | Roberto Olvera | Cecilia Pulido |
| Service Type | FedEx Priority Overnight | Bellflower-Somerset Mutual Wat | Central Basin MWD |
| Package Type | FedEx Envelope | 10016 Flower Street | 6252 Telegraph Road |
| Zone | 02 | BELLFLOWER CA 90706 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 19, 2017 09:59 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | R.BEAS | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Print Return Label | 0.50 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.78 |

| | | |
|-------------------------|-----------------------------|---------|
| Ship Date: Jan 19, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181848.85
 Return: Original Tracking ID 778087920998
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|--------------------------------|-------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 790604030057 | Dan Arrighi | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | San Gabriel Valley Water Compa | Central Basin MWD |
| Package Type | FedEx Envelope | 11142 Garvey Avenue | 6252 Telegraph Road |
| Zone | 02 | SOUTH EL MONTE CA 91733 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 20, 2017 09:38 | Discount | -11.88 |
| Svc Area | A1 | Print Return Label | 0.50 |
| Signed by | R.BEAS | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.78 |

| | | |
|-------------------------|-----------------------------|---------|
| Ship Date: Jan 20, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181848.85
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Return: Original Tracking ID 778088439635
 Distance Based Pricing, Zone 2

| | | | |
|----------------|--------------------------|--------------------------|-------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 790604057605 | Art Galluci | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | City of Cerritos | Central Basin MWD |
| Package Type | FedEx Envelope | 18125 Bloomfield Avenue | 6252 Telegraph Road |
| Zone | 02 | CERRITOS CA 90703 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 23, 2017 09:38 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | S.SALZO | Return On Call Surcharge | 4.00 |
| FedEx Use | 000000000/186/_ | Print Return Label | 0.50 |
| | | Fuel Surcharge | 0.29 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$17.88 |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-688-37275 | Jan 27, 2017 | 3916-4315-6 | 4 of 5 |

Ship Date: Jan 20, 2017

Cust. Ref.: Nomination Form

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181848.85
 Return: Original Tracking ID 778088541400
 Distance Based Pricing, Zone 2

| Automation | INET | Sender | Recipient |
|----------------|--------------------------|-------------------------|-------------------------|
| Tracking ID | 790604063265 | Jorge Rifa | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | City of Commerce | Central Basin MWD |
| Package Type | FedEx Envelope | 2535 Commerce Way | 6252 Telegraph Road |
| Zone | 02 | LOS ANGELES CA 90040 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 23, 2017 09:38 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | S.SALZO | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Print Return Label | 0.50 |
| | | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.78 |

Ship Date: Jan 20, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181848.85
 Return: Original Tracking ID 778088952176
 Distance Based Pricing, Zone 2

| Automation | INET | Sender | Recipient |
|----------------|--------------------------|--------------------------------|-------------------------|
| Tracking ID | 790604086120 | Martin Gonzales | Cecilia Pulido |
| Service Type | FedEx Priority Overnight | Walnut Park Mutual Water Compa | Central Basin MWD |
| Package Type | FedEx Envelope | 2460 East Florence Avenue | 6252 Telegraph Road |
| Zone | 02 | HUNTINGTON PARK CA 90255 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 23, 2017 09:38 | Discount | -11.88 |
| Svc Area | A1 | Return On Call Surcharge | 4.00 |
| Signed by | S.SALZO | Print Return Label | 0.50 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.29 |
| | | Earned Discount | -2.81 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$17.88 |

Ship Date: Jan 23, 2017

Cust. Ref.: Nomination Form

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 183139.06
 Return: Original Tracking ID 778088165726
 Distance Based Pricing, Zone 2

| Automation | INET | Sender | Recipient |
|----------------|--------------------------|----------------------------|-------------------------|
| Tracking ID | 790604043491 | Chau Vu | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | City of Bell Gardens | Central Basin MWD |
| Package Type | FedEx Envelope | 7100 South Garfield Avenue | 6252 Telegraph Road |
| Zone | 02 | BELL GARDENS CA 90201 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 24, 2017 09:49 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | R.BEAS | Print Return Label | 0.50 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.78 |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-688-37275 | Jan 27, 2017 | 3916-4315-6 | 5 of 5 |

| | | |
|--------------------------------|------------------------------------|----------------|
| Ship Date: Jan 23, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 183139.06
 Return: Original Tracking ID 778088634488
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|---------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790604068598 | Glen Kau | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | City of Compton | Central Basin MWD |
| Package Type | FedEx Envelope | 205 S. Willowbrook Avenue | 6252 Telegraph Road |
| Zone | 02 | COMPTON CA 90220 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 24, 2017 09:49 | Discount | -11.88 |
| Svc Area | A1 | Return On Call Surcharge | 4.00 |
| Signed by | R.BEAS | Fuel Surcharge | 0.29 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Earned Discount | -2.81 |
| | | Print Return Label | 0.50 |
| | | Total Charge | USD \$17.88 |

| | | |
|--------------------------------|------------------------------------|----------------|
| Ship Date: Jan 23, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 183139.06
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Return: Original Tracking ID 778089358553
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|-------------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790604108952 | James Enriquez/Rene Bobadilla | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | City of Pico Rivera | Central Basin MWD |
| Package Type | FedEx Envelope | 6615 Passons Boulevard | 6252 Telegraph Road |
| Zone | 02 | PICO RIVERA CA 90660 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 24, 2017 09:49 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | R.BEAS | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Print Return Label | 0.50 |
| | | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.78 |

Shipper Subtotal USD \$122.54

| | | |
|--------------------------------|---------------------------------|----------------|
| Ship Date: Jan 17, 2017 | Cust. Ref.: 778086714486 | Ref.#2: |
| Payor: Recipient | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181848.85
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2

| | | | |
|---------------------|---------------------|-------------------------|-------------------------|
| Automation | CAFE | Sender | Recipient |
| Tracking ID | 642740744986 | SHIPPING | margarita aguilar |
| Service Type | FedEx Express Saver | FEDEX EXPRESS | 6252 telegraph road |
| Package Type | Customer Packaging | 2451 N. Palm | LOS ANGELES CA 90040 US |
| Zone | 02 | SIGNAL HILL CA 90755 US | |
| Packages | 1 | | |
| Rated Weight | 1.0 lbs, 0.5 kgs | Transportation Charge | 14.83 |
| Delivered | Jan 20, 2017 09:38 | Discount | -5.68 |
| Svc Area | A1 | Earned Discount | -2.37 |
| Signed by | R.BEAS | Fuel Surcharge | 0.17 |
| FedEx Use | 000000000/7167/_ | Total Charge | USD \$6.95 |

Recipient Subtotal USD \$6.95

Total FedEx Express USD \$129.49



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-681-51305 | Jan 20, 2017 | 3916-4315-6 | 1 of 6 |

FedEx Tax ID: 71-0427007
Store ID: Store #685275

Billing Address:

CENTRAL BASIN MWD
ACCOUNTS PAYABLE
6252 TELEGRAPH RD
COMMERCE CA 90040-2512

Shipping Address:

CENTRAL BASIN MWD
6252 TELEGRAPH RD
COMMERCE CA 90040-2512

Invoice Questions?

Contact FedEx Revenue Services

Phone: (800) 622-1147
M-F 7 AM to 8 PM CST
Sa 7 AM to 6 PM CST

Fax: (800) 548-3020
Internet: www.fedex.com

Invoice Summary Jan 20, 2017

FedEx Express Services

| | | |
|---------------------------|------------|-----------------|
| Transportation Charges | | 217.80 |
| Base Discount | | -114.01 |
| Earned/Grace Discount | | -25.51 |
| Special Handling Charges | | 43.52 |
| Return Surcharges | | 7.00 |
| Total Charges | USD | \$128.80 |
| TOTAL THIS INVOICE | USD | \$128.80 |

You saved \$139.52 in discounts this period!

Shipments included in this invoice received an earned discount. If you would like to know how it was calculated, please go to the following URL:
<https://www.fedex.com/EarnedDiscounts/>.
Other discounts may apply.

INVOICE AUTHORIZED

Dept. Manager _____
Project Manager Col _____
P.O. No. 2017-009 closed ☐ yes ☒ no
Contract No. _____
Project No. _____

Detailed descriptions of surcharges can be located at fedex.com

To ensure proper credit, please return this portion with your payment to FedEx.
Please do not staple or fold. Please make check payable to FedEx.

☐ For change of address, check here and complete form on reverse side.

| Invoice Number | Account Number | Amount Due |
|----------------|----------------|--------------|
| 5-681-51305 | 3916-4315-6 | USD \$128.80 |

Remittance Advice

Your payment is due by Feb 04, 2017

391643155681513056400001288012

CENTRAL BASIN MWD
ACCOUNTS PAYABLE
6252 TELEGRAPH RD
COMMERCE CA 90040-2512



FedEx
P.O. Box 7221
Pasadena CA 91109-7321



| | | | |
|--------------------------------------|-------------------------------------|--------------------------------------|----------------|
| Invoice Number 5-681-51305 | Invoice Date Jan 20, 2017 | Account Number 3916-4315-6 | Page 2 of 6 |
|--------------------------------------|-------------------------------------|--------------------------------------|----------------|

Adjustment Request

Fax to (800) 548-3020

Use this form to fax requests for adjustments due to the reasons indicated below. Requests for adjustments due to other reasons, **including** service failures, should be submitted by going to www.fedex.com or calling 800.622.1147. Please use multiple forms for additional requests.

C o n t a c t

Please complete all fields in black ink.

Requestor Name Date / /

Phone - - Fax # - -

E-mail Address ☐ Yes, I want to update account contact with the above information.

R e b i l l s

| Tracking Number | Bill to Account | \$ Amount |
|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |

C o d e

| | | | |
|--------------------------|-------------------------|----------------------------|--|
| ADR - Address Correction | INW - Incorrect Weight | OVS - Oversize Surcharge | For all Service failures or other surcharges please use our web site www.fedex.com or call (800) 622-1147 |
| DVC - Declared Value | INS - Incorrect Service | RSU - Residential Delivery | |
| IAN - Invalid Acct # | OCF - Grd Pick-up Fee | PND - Pwrshp Not Delivered | |
| | OCS - Exp Pick-up Fee | SDR - Saturday Delivery | |

C r e d i t s

| Tracking Number | Code | \$ Amount | Rerate information only (round to nearest inch) | | | |
|----------------------|----------------------|----------------------|---|----------------------|----------------------|----------------------|
| | | | LBS | L | W | H |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

Check all that apply Effective Date / /

| | |
|---|---|
| <p><input type="checkbox"/> Shipping Address (Physical Address)</p> <p>Company <input type="text"/></p> <p>Address <input type="text"/></p> <p>Address <input type="text"/></p> <p>Dept. <input type="text"/></p> <p>Floor <input type="text"/> Apt/Suite # <input type="text"/></p> <p>City <input type="text"/></p> <p>State <input type="text"/> Zip Code <input type="text"/> - <input type="text"/></p> <p>Phone <input type="text"/> - <input type="text"/> - <input type="text"/></p> <p>Fax # <input type="text"/> - <input type="text"/> - <input type="text"/></p> | <p><input type="checkbox"/> Billing Address Only <input type="checkbox"/> Billing Same As Shipping Address</p> <p>Company <input type="text"/></p> <p>Address <input type="text"/></p> <p>Address <input type="text"/></p> <p>Dept. <input type="text"/></p> <p>Floor <input type="text"/> Apt/Suite # <input type="text"/></p> <p>City <input type="text"/></p> <p>State <input type="text"/> Zip Code <input type="text"/> - <input type="text"/></p> <p>Phone <input type="text"/> - <input type="text"/> - <input type="text"/></p> <p>Fax # <input type="text"/> - <input type="text"/> - <input type="text"/></p> |
|---|---|



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-681-51305 | Jan 20, 2017 | 3916-4315-6 | 3 of 6 |

FedEx Express Shipment Detail By Payor Type (Original)

| | | |
|-------------------------|-----------------------------|---------|
| Ship Date: Jan 03, 2017 | Cust. Ref.: Nomination Form | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181310.16
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2
 Undeliverable Package.

| | | | |
|----------------|--------------------------|-------------------------|--------------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778086714486 ✓ | Margarita Aguilar | Lee Muchow |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | Bellflower Home Garden Water C |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 17447 Lakewood Boulevard |
| Zone | 02 | | BELLFLOWER CA 90706 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 17, 2017 08:32 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/14 | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$7.78 |

| | | |
|-------------------------|--------------------------------------|---------|
| Ship Date: Jan 11, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 180931.71
 Distance Based Pricing, Zone 2

| | | | |
|--------------|--------------------------|-------------------------|-------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778151422716 ✓ | Sharon Kumar | LINDA GARAY |
| Service Type | FedEx Standard Overnight | Central Basin MWD | CITY OF PICO RIVERA |
| Package Type | FedEx Envelope | 6252 Telegraph Road | PUBLIC WORKS DEPARTMENT |
| Zone | 02 | LOS ANGELES CA 90040 US | PICO RIVERA CA 90660 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 21.95 |
| Delivered | Jan 12, 2017 11:18 | Discount | -11.70 |
| Svc Area | A1 | Courier Pickup Charge | 0.00 |
| Signed by | S.SERVIN | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/200/_ | Earned Discount | -2.48 |
| | | Total Charge | USD \$7.96 |

| | | |
|-------------------------|--------------------------------------|---------|
| Ship Date: Jan 11, 2017 | Cust. Ref.: NO REFERENCE INFORMATION | Ref.#2: |
| Payor: Shipper | Ref.#3: | |

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 180931.71
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Distance Based Pricing, Zone 2
 Package Delivered to Recipient Address - Release Authorized

| | | | |
|--------------|--------------------|-------------------------|------------------------|
| Automation | INET | <u>Sender</u> | <u>Recipient</u> |
| Tracking ID | 778155065047 ✓ | Sharon Kumar | DAN REYNOLDS |
| Service Type | FedEx 2Day A.M. | Central Basin MWD | DANIEL REYNOLDS |
| Package Type | FedEx Envelope | 6252 Telegraph Road | 1400 E OCEAN BLVD |
| Zone | 02 | LOS ANGELES CA 90040 US | LONG BEACH CA 90802 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 17.61 |
| Delivered | Jan 13, 2017 09:35 | Discount | -7.27 |
| Svc Area | A1 | Earned Discount | -0.55 |
| Signed by | see above | Residential Delivery | 2.89 |
| FedEx Use | 000000000/2/02 | Fuel Surcharge | 0.32 |
| | | Courier Pickup Charge | 0.00 |
| | | Total Charge | USD \$13.00 |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-681-51305 | Jan 20, 2017 | 3916-4315-6 | 4 of 6 |

Ship Date: Jan 11, 2017 Cust. Ref.: NO REFERENCE INFORMATION Ref.#2:
 Payor: Shipper Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 180931.71
 Return: Original Tracking ID 778087405527
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|--------------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790604003498 ✓ | Ken Bradbury | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | Montebello Land & Water Compan | Central Basin MWD |
| Package Type | FedEx Envelope | 344 East Madison | 6252 Telegraph Road |
| Zone | 02 | MONTEBELLO CA 90640 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 12, 2017 10:25 | Discount | -11.88 |
| Svc Area | A1 | Fuel Surcharge | 0.19 |
| Signed by | R.BEAS | Adult Signature | 5.50 |
| FedEx Use | 000000000/186/_ | Print Return Label | 0.50 |
| | | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.78 |

Ship Date: Jan 11, 2017 Cust. Ref.: Nomination Form Ref.#2:
 Payor: Shipper Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 180931.71
 Return: Original Tracking ID 778088041244
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|--------------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790604036662 ✓ | Beatriz Reviere | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | Suburban Water Systems | Central Basin MWD |
| Package Type | FedEx Envelope | 1325 N. Grand Avenue, Suite 10 | 6252 Telegraph Road |
| Zone | 02 | COVINA CA 91724 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 12, 2017 10:25 | Discount | -11.88 |
| Svc Area | A1 | Print Return Label | 0.50 |
| Signed by | R.BEAS | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Adult Signature | 5.50 |
| | | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.78 |

Ship Date: Jan 11, 2017 Cust. Ref.: Nomination Form Ref.#2:
 Payor: Shipper Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 180931.71
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Return: Original Tracking ID 778089564966
 Distance Based Pricing, Zone 2

| | | | |
|-----------------------|--------------------------|------------------------|-------------------------|
| Automation | INET | Sender | Recipient |
| Tracking ID | 790604120184 ✓ | Dave Schickling | Margarita Aguilar |
| Service Type | FedEx Priority Overnight | City of Whittier | Central Basin MWD |
| Package Type | FedEx Envelope | 13230 East Penn Street | 6252 Telegraph Road |
| Zone | 02 | WHITTIER CA 90602 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 12, 2017 10:25 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | R.BEAS | Earned Discount | -2.81 |
| FedEx Use | 000000000/186/_ | Print Return Label | 0.50 |
| | | Fuel Surcharge | 0.19 |
| | | Total Charge | USD \$13.78 |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-681-51305 | Jan 20, 2017 | 3916-4315-6 | 5 of 6 |

Ship Date: Jan 12, 2017

Cust. Ref.: Nomination Form

Ref.#2:

Payor: Shipper

Ref.#3:

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 180931.71
 Business Closed or Adult Recipient Unavailable - Delivery Not Completed.
 Distance Based Pricing, Zone 2

| Automation | INET | Sender | Recipient |
|----------------|--------------------------|-------------------------|--------------------------------|
| Tracking ID | 77816633850 | Margarita Aguilar | Sergio Palos |
| Service Type | FedEx Priority Overnight | 6252 Telegraph Road | Maywood Mutual Water Company N |
| Package Type | FedEx Envelope | LOS ANGELES CA 90040 US | 5953 South Gifford Avenue |
| Zone | 02 | | HUNTINGTON PARK CA 90255 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 13, 2017 10:52 | Discount | -11.88 |
| Svc Area | A1 | Adult Signature | 5.50 |
| Signed by | E.TORRES | Fuel Surcharge | 0.19 |
| FedEx Use | 000000000/186/_ | Earned Discount | -2.81 |
| | | Total Charge | USD \$13.28 |

Ship Date: Jan 12, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 180931.71
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Return: Original Tracking ID 778087432152
 Distance Based Pricing, Zone 2

| Automation | INET | Sender | Recipient |
|----------------|--------------------------|------------------------------|-------------------------|
| Tracking ID | 790604004818 | Frank Beach | Cecilia Pulido |
| Service Type | FedEx Priority Overnight | City of Santa Fe Springs | Central Basin MWD |
| Package Type | FedEx Envelope | 11710 Telegraph Road | 6252 Telegraph Road |
| Zone | 02 | SANTA FE SPRINGS CA 90670 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 13, 2017 09:50 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | R.BEAS | Print Return Label | 0.50 |
| FedEx Use | 000000000/186/_ | Fuel Surcharge | 0.19 |
| | | Adult Signature | 5.50 |
| | | Total Charge | USD \$13.78 |

Ship Date: Jan 13, 2017

Cust. Ref.: NO REFERENCE INFORMATION

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 180931.71
 Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.
 Return: Original Tracking ID 778087067682
 Distance Based Pricing, Zone 2
 Package sent from: 92831 zip code

| Automation | INET | Sender | Recipient |
|----------------|--------------------------|-----------------------------|-------------------------|
| Tracking ID | 790603985051 | Patrick Scanlon | Cecilia Pulido |
| Service Type | FedEx Priority Overnight | Golden State Water Company | Central Basin MWD |
| Package Type | FedEx Envelope | 630 East Foothill Boulevard | 6252 Telegraph Road |
| Zone | 02 | SAN DIMAS CA 91773 US | LOS ANGELES CA 90040 US |
| Packages | 1 | | |
| Rated Weight | N/A | Transportation Charge | 22.28 |
| Declared Value | USD 1.00 | Declared Value Charge | 0.00 |
| Delivered | Jan 17, 2017 09:46 | Discount | -11.88 |
| Svc Area | A1 | Earned Discount | -2.81 |
| Signed by | B.RUBEN | Fuel Surcharge | 0.29 |
| FedEx Use | 000000000/186/_ | Print Return Label | 0.50 |
| | | Adult Signature | 5.50 |
| | | Return On Call Surcharge | 4.00 |
| | | Total Charge | USD \$17.88 |



| Invoice Number | Invoice Date | Account Number | Page |
|----------------|--------------|----------------|--------|
| 5-681-51305 | Jan 20, 2017 | 3916-4315-6 | 6 of 6 |

Ship Date: Jan 17, 2017

Cust. Ref.: Nomination Form

Ref.#2:

Payor: Shipper

Ref.#3:

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 181848.85

Fuel Surcharge - FedEx has applied a fuel surcharge of 2.50% to this shipment.

Return: Original Tracking ID 778088908700

Distance Based Pricing, Zone 2

Automation INET
 Tracking ID 790604083852
 Service Type FedEx Priority Overnight
 Package Type FedEx Envelope
 Zone 02
 Packages 1
 Rated Weight N/A
 Declared Value USD 1.00
 Delivered Jan 18, 2017 09:59
 Svc Area A1
 Signed by B.RUBEN
 FedEx Use 000000000/186/_

Sender
 Jason Wen
 City of Lakewood
 5050 N. Clark Avenue
 LAKEWOOD CA 90712 US

Recipient
 Margarita Aguilar
 Central Basin MWD
 6252 Telegraph Road
 LOS ANGELES CA 90040 US

| | |
|-----------------------|--------------------|
| Transportation Charge | 22.28 |
| Declared Value Charge | 0.00 |
| Discount | -11.88 |
| Print Return Label | 0.50 |
| Earned Discount | -2.81 |
| Adult Signature | 5.50 |
| Fuel Surcharge | 0.19 |
| Total Charge | USD \$13.78 |

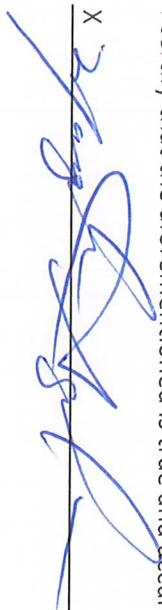
| | | |
|----------------------------|------------|-----------------|
| Shipper Subtotal | USD | \$128.80 |
| Total FedEx Express | USD | \$128.80 |

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|------------|---------|--|
| 12/28/2016 | 1 hour | Creating Database of Eligible Purveyors and Verifying Contact and Mailing Addresses |
| 12/29/2016 | 4 hours | Drafting and Formatting Memorandum to inform the Purveyors of Nomination Process and finalizing Nomination Forms for each type of agency (8 Mutual Water Companies, 2 Large City Users, 16 Cities, 5 Special Districts, 3 Private Utilities Large Users, 5 Other Private Utilities) / Printing of Memorandum and Nomination Forms and Stuffing FedEx Envelopes |



I certify that the aforementioned is true and accurate.

X  _____



Central Basin Municipal Water District

Employee Timesheet Report

Pay Date Range 12/19/16 - 01/01/17

Employee 272 - Aguilar, Margarita

Department 10 - District Administration

Work Date Hours Code

| | | |
|------------|-----------------------------|--------|
| 12/19/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/20/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/21/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/22/2016 | VAC PAY - Vacation Paid | 8.0000 |
| 12/23/2016 | HOL DIST - Holiday District | 8.0000 |
| 12/26/2016 | HOL DIST - Holiday District | 8.0000 |
| 12/27/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/28/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/29/2016 | REG FT - Regular Full Time | 8.0000 |
| 12/30/2016 | HOL DIST - Holiday District | 8.0000 |

Job Title 10-212-01 - Director, Admin & Bld Svcs
Shift Code

305 - Williams, Peggy

Pay Period Totals

| Hours Code | Hours |
|-----------------------------|---------|
| HOL DIST - Holiday District | 24.0000 |
| REG FT - Regular Full Time | 48.0000 |
| VAC PAY - Vacation Paid | 8.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|------------------------|-----------|--------------------------|------------------------------|----------|
| 12/29/2016 10:38:29 AM | Uploaded | pwilliams | 10 - District Administration | |
| 12/28/2016 12:47:14 PM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 12/27/2016 10:16:25 AM | Submitted | 272 - Aguilar, Margarita | 10 - District Administration | |

Employee Signature


Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|----------|---|---|
| 1/3/2017 | 2 hours 20 minutes (see FedEx - Nominations MA) | Preparation of FedEx for Nomination Forms (Input of Mailing Addresses to generate Shipping & Return labels) |



I certify that the aforementioned is true and accurate.

X  _____



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 01/02/17 - 01/15/17

Employee 272 - Aguilar, Margarita

Department 10 - District Administration

Approver 305 - Williams, Peggy

Job Title 10-212-01 - Director, Admin & Bld Svcs

Work Date Hours Code

Hours

Shift Code

01/02/2017 HOL DIST - Holiday District 8.0000
01/03/2017 REG FT - Regular Full Time 8.0000
01/04/2017 REG FT - Regular Full Time 8.0000
01/05/2017 REG FT - Regular Full Time 8.0000
01/06/2017 REG FT - Regular Full Time 8.0000
01/09/2017 REG FT - Regular Full Time 8.0000
01/10/2017 REG FT - Regular Full Time 8.0000
01/11/2017 REG FT - Regular Full Time 8.0000
01/12/2017 REG FT - Regular Full Time 8.0000
01/13/2017 VAC PAY - Vacation Paid 8.0000

Pay Period Totals

| Hours Code | Hours |
|-----------------------------|----------------|
| HOL DIST - Holiday District | 8.0000 |
| REG FT - Regular Full Time | 64.0000 |
| VAC PAY - Vacation Paid | 8.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|-----------------------|-----------|--------------------------|------------------------------|----------|
| 1/12/2017 12:29:42 PM | Uploaded | pwilliams | 10 - District Administration | |
| 1/11/2017 4:45:22 PM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 1/10/2017 4:05:09 PM | Submitted | 272 - Aguilar, Margarita | 10 - District Administration | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-----------|------------|---|
| 1/25/2017 | 30 minutes | Purveyor Workshops to Open Nominations and Document Results |
| 1/26/2017 | 4 hours | Drafting and Formatting Memorandum Notifying Purveyors of the Nominated Candidates that are Eligible to run for the three Central Basin Appointed positions on the Board of Directors and finalizing Ballot forms for each type of agency (8 Mutual Water Companies, 2 Large City Users, 16 Cities, 5 Special Districts, 3 Private Utilities Large Users, 5 Other Private Utilities) / Printing of Memorandum and Ballot Forms and Stuffing FedEx Envelopes |



I certify that the aforementioned is true and accurate.

X

[Handwritten signature]



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 01/16/17 - 01/29/17

Employee 272 - Aguilar, Margarita
Department 10 - District Administration
Work Date Hours Code
01/16/2017 HOL DIST - Holiday District 8.0000
01/17/2017 REG FT - Regular Full Time 8.0000
01/18/2017 REG FT - Regular Full Time 8.0000
01/19/2017 REG FT - Regular Full Time 8.0000
01/20/2017 REG FT - Regular Full Time 8.0000
01/23/2017 VAC PAY - Vacation Paid 8.0000
01/24/2017 REG FT - Regular Full Time 8.0000
01/25/2017 REG FT - Regular Full Time 8.0000
01/26/2017 REG FT - Regular Full Time 8.0000
01/27/2017 REG FT - Regular Full Time 8.0000

Job Title 10-212-01 - Director, Admin & Bld Svcs
Hours Shift Code
8.0000
8.0000
8.0000
8.0000
8.0000
8.0000
8.0000
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Approver 305 - Williams, Peggy

| Hours Code | Hours |
|-----------------------------|---------|
| HOL DIST - Holiday District | 8.0000 |
| REG FT - Regular Full Time | 64.0000 |
| VAC PAY - Vacation Paid | 8.0000 |
| Total Hours | 80.0000 |

| Pay Period History | Changed On | Status | Made By | Department | Comments |
|--------------------|----------------------|-----------|--------------------------|------------------------------|----------|
| | 1/27/2017 7:50:00 AM | Uploaded | pwilliams | 10 - District Administration | |
| | 1/26/2017 9:55:53 AM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| | 1/24/2017 5:17:49 PM | Submitted | 272 - Aguilar, Margarita | 10 - District Administration | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-----------|-------------------------------------|---|
| 1/30/2017 | 1 hour (see FedEx - Nominations MA) | Preparation of FedEx of Ballot Forms (Less time to generate Shipping & Return labels as addresses were already saved from when they were initially input) |



I certify that the aforementioned is true and accurate.

X

A handwritten signature in blue ink, appearing to read 'Shayla', is written over a horizontal line.



Central Basin Municipal Water District

Employee Timesheet Report

Pay Date Range 01/30/17 - 02/12/17

Employee 272 - Aguilar, Margarita

Department 10 - District Administration

Approver 305 - Williams, Peggy

Job Title 10-212-01 - Director, Admin & Bld Svcs

Work Date Hours Code

Shift Code

| | | |
|------------|----------------------------|--------|
| 01/30/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/31/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/01/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/02/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/03/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/06/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/07/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/08/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/09/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/10/2017 | REG FT - Regular Full Time | 8.0000 |

| | | |
|------------|----------------------------|--------|
| 01/30/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/31/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/01/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/02/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/03/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/06/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/07/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/08/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/09/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/10/2017 | REG FT - Regular Full Time | 8.0000 |

Pay Period Totals

| Hours Code | Hours |
|----------------------------|----------------|
| REG FT - Regular Full Time | 80.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|----------------------|-----------|--------------------------|------------------------------|----------|
| 2/9/2017 5:47:29 PM | Uploaded | pwiliams | 10 - District Administration | |
| 2/8/2017 10:41:28 AM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 2/7/2017 5:28:27 PM | Submitted | 272 - Aguilar, Margarita | 10 - District Administration | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-----------|------------|---|
| 2/16/2017 | 1 hour | Creating and finalizing Ballot Results form to be used when opening ballots to note results |
| 2/22/2017 | 30 minutes | Purveyor Workshops to Open Ballots and Document Results |



Central Basin
 Municipal Water District

I certify that the aforementioned is true and accurate.

X

[Handwritten signature]



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 02/13/17 - 02/26/17

Employee 272 - Aguilar, Margarita

Department 10 - District Administration

Work Date Hours Code

| | | |
|------------|-----------------------------|--------|
| 02/13/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/14/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/15/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/16/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/17/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/20/2017 | HOL DIST - Holiday District | 8.0000 |
| 02/21/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/22/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/23/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/24/2017 | REG FT - Regular Full Time | 8.0000 |

Pay Period Totals

| Hours Code | Hours |
|-----------------------------|---------|
| HOL DIST - Holiday District | 8.0000 |
| REG FT - Regular Full Time | 72.0000 |
| Total Hours | 80.0000 |

Job Title 10-212-01 - Director, Admin & Bld Svcs
Hours
Shift Code
Approver 305 - Williams, Peggy

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|----------------------|-----------|--------------------------|------------------------------|----------|
| 2/24/2017 8:33:49 AM | Uploaded | pwilliams | 10 - District Administration | |
| 2/22/2017 2:47:06 PM | Approved | 349 - Hunt, Kevin | 10 - District Administration | |
| 2/22/2017 1:56:43 PM | Submitted | 272 - Aguilar, Margarita | 10 - District Administration | |

Employee Signature

Approver Signature

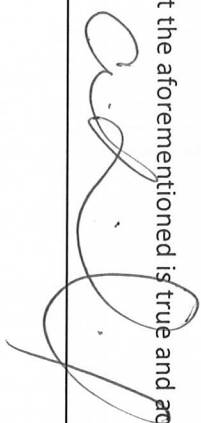
AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|----------|--|---|
| 1/3/2017 | 1 hour 25 minutes (see FedEx - Nominations CP) | Preparation of FedEx for Nomination Forms (input of Mailing Addresses to generate Shipping & Return labels) |



Central Basin
Municipal Water District

I certify that the aforementioned is true and accurate.

X 



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 01/02/17 - 01/15/17

Employee 331 - Pulido, Cecilia

Department 10 - District Administration

Work Date Hours Code

| | | |
|------------|-----------------------------|--------|
| 01/02/2017 | HOL DIST - Holiday District | 8.0000 |
| 01/03/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/04/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/05/2017 | REG FT - Regular Full Time | 5.0000 |
| 01/05/2017 | SK PAY - Sick Paid | 3.0000 |
| 01/06/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/09/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/10/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/11/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/12/2017 | REG FT - Regular Full Time | 5.0000 |
| 01/12/2017 | SK PAY - Sick Paid | 3.0000 |
| 01/13/2017 | REG FT - Regular Full Time | 8.0000 |

Job title Deputy Board Secretary/Executive Assistant
Hours
Shift Code
Approver 305 - Williams, Peggy

Pay Period Totals

| Hours Code | Hours |
|-----------------------------|---------|
| HOL DIST - Holiday District | 8.0000 |
| REG FT - Regular Full Time | 66.0000 |
| SK PAY - Sick Paid | 6.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|-----------------------|-----------|--------------------------|------------------------------|----------|
| 1/12/2017 12:29:42 PM | Uploaded | pwilliams | 10 - District Administration | |
| 1/10/2017 4:05:53 PM | Approved | 272 - Aguilar, Margarita | 10 - District Administration | |
| 1/10/2017 3:39:32 PM | Submitted | 331 - Pulido, Cecilia | 10 - District Administration | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-----------|------------|---|
| 1/25/2017 | 30 minutes | Purveyor Workshops to Open Nominations and Document Results |



I certify that the aforementioned is true and accurate.

X

A handwritten signature in black ink, appearing to be 'C. J. [unclear]', written over a horizontal line.



Central Basin Municipal Water District

Employee Timesheet Report

Pay Date Range 01/16/17 - 01/29/17

Employee 331 - Pulido, Cecilia
Department 10 - District Administration
Job Title Deputy Board Secretary/Executive Assistant
Approver 305 - Williams, Peggy
Shift Code
Work Date Hours Code
01/16/2017 HOL DIST - Holiday District 8.0000
01/17/2017 REG FT - Regular Full Time 8.0000
01/18/2017 REG FT - Regular Full Time 8.0000
01/19/2017 REG FT - Regular Full Time 8.0000
01/20/2017 REG FT - Regular Full Time 8.0000
01/23/2017 REG FT - Regular Full Time 8.0000
01/24/2017 REG FT - Regular Full Time 8.0000
01/25/2017 REG FT - Regular Full Time 8.0000
01/26/2017 REG FT - Regular Full Time 8.0000
01/27/2017 REG FT - Regular Full Time 8.0000

| Pay Period Totals | | |
|-----------------------------|--|---------|
| Hours Code | | Hours |
| HOL DIST - Holiday District | | 8.0000 |
| REG FT - Regular Full Time | | 72.0000 |
| Total Hours | | 80.0000 |

| Pay Period History | | | |
|----------------------|-----------|--------------------------|------------------------------|
| Changed On | Status | Made By | Department |
| 1/27/2017 7:50:00 AM | Uploaded | pwilliams | 10 - District Administration |
| 1/26/2017 9:36:56 AM | Approved | 272 - Aguilar, Margarita | 10 - District Administration |
| 1/25/2017 2:58:13 PM | Submitted | 331 - Pulido, Cecilia | 10 - District Administration |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-----------|---|--|
| 1/30/2017 | 45 minutes (see FedEx - Nominations CP) | Preparation of FedEx of Ballot Forms (less time to generate Shipping & Return labels as addresses were already saved from when they were initially input) |



Central Basin
Municipal Water District

I certify that the aforementioned is true and accurate.

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Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 01/30/17 - 02/12/17

Employee 331 - Pulido, Cecilia

Department 10 - District Administration

Approver 305 - Williams, Peggy

Job Title Deputy Board Secretary/Executive Assistant

Work Date Hours Code

Hours

Shift Code

| | | |
|------------|----------------------------|--------|
| 01/30/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/31/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/01/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/02/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/03/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/06/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/07/2017 | REG FT - Regular Full Time | 6.0000 |
| 02/07/2017 | SK PAY - Sick Paid | 2.0000 |
| 02/08/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/09/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/10/2017 | REG FT - Regular Full Time | 8.0000 |

Pay Period Totals

| Hours Code | Hours |
|----------------------------|----------------|
| REG FT - Regular Full Time | 78.0000 |
| SK PAY - Sick Paid | 2.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|---------------------|-----------|--------------------------|------------------------------|----------|
| 2/9/2017 5:47:29 PM | Uploaded | pwilliams | 10 - District Administration | |
| 2/8/2017 4:03:19 PM | Approved | 272 - Aguilar, Margarita | 10 - District Administration | |
| 2/8/2017 4:01:22 PM | Submitted | 331 - Pulido, Cecilia | 10 - District Administration | |

Employee Signature

Approver Signature

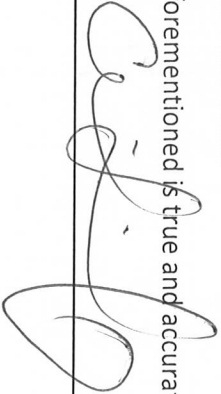
AB 1794 Implementation - Description of Hours Worked

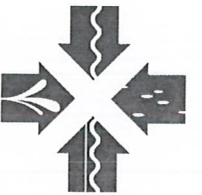
| Date | Hours | Description |
|-----------|------------|---|
| 2/22/2017 | 30 minutes | Purveyor Workshops to Open Ballots and Document Results |



Central Basin
 Municipal Water District

I certify that the aforementioned is true and accurate.

X 



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 02/13/17 - 02/26/17

Employee 331 - Pulido, Cecilia

Department 10 - District Administration

Work Date Hours Code

| | | |
|------------|-----------------------------|--------|
| 02/13/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/14/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/15/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/16/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/17/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/20/2017 | HOL DIST - Holiday District | 8.0000 |
| 02/21/2017 | SK PAY - Sick Paid | 3.0000 |
| 02/21/2017 | REG FT - Regular Full Time | 5.0000 |
| 02/22/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/23/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/24/2017 | REG FT - Regular Full Time | 8.0000 |

Approver

Job Title Deputy Board Secretary/Executive Assistant

Shift Code

305 - Williams, Peggy

Pay Period Totals

| Hours Code | Hours |
|-----------------------------|---------|
| HOL DIST - Holiday District | 8.0000 |
| REG FT - Regular Full Time | 69.0000 |
| SK PAY - Sick Paid | 3.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|-----------------------|-----------|--------------------------|------------------------------|----------|
| 2/24/2017 8:33:49 AM | Uploaded | pwilliams | 10 - District Administration | |
| 2/23/2017 10:11:47 AM | Approved | 272 - Aguilar, Margarita | 10 - District Administration | |
| 2/23/2017 9:08:49 AM | Submitted | 331 - Pulido, Cecilia | 10 - District Administration | |

Employee Signature

Approver Signature

Section 5 (A) 7.

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|------------|---------|-------------------|
| 10/26/2016 | 2 hours | Purveyor Workshop |



Central Basin
Municipal Water District

I certify that the aforementioned is true and accurate.

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Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 10/24/16 - 11/06/16

Employee 324 - Legaspi, Joey

Department 40 - Public Affairs

Approver

305 - Williams, Peggy

Job Title 40-211-01 - Director of External Affairs

Shift Code

Work Date Hours Code

| | | |
|------------|----------------------------|--------|
| 10/24/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/25/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/26/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/27/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/28/2016 | REG FT - Regular Full Time | 8.0000 |
| 10/31/2016 | SK PAY - Sick Paid | 8.0000 |
| 11/01/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/02/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/03/2016 | VAC PAY - Vacation Paid | 8.0000 |
| 11/04/2016 | REG FT - Regular Full Time | 8.0000 |

Pay Period Totals

| Hours Code | Hours |
|----------------------------|----------------|
| REG FT - Regular Full Time | 64.0000 |
| SK PAY - Sick Paid | 8.0000 |
| VAC PAY - Vacation Paid | 8.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|----------------------|-----------|---------------------|---------------------|----------|
| 11/3/2016 4:11:40 PM | Uploaded | pwilliams | 40 - Public Affairs | |
| 11/3/2016 4:04:07 PM | Approved | 349 - Hunt, Kevin | 40 - Public Affairs | |
| 11/3/2016 2:59:35 PM | Submitted | 324 - Legaspi, Joey | 40 - Public Affairs | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|------------|---------|-------------------|
| 11/16/2016 | 2 hours | Purveyor Workshop |



Central Basin
 Municipal Water District

I certify that the aforementioned is true and accurate.

X



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 11/07/16 - 11/20/16

Employee 324 - Legaspi, Joey

Department 40 - Public Affairs

Approver

305 - Williams, Peggy

Job Title 40-211-01 - Director of External Affairs

Work Date Hours Code

Hours

Shift Code

| | | |
|------------|-----------------------------|--------|
| 11/07/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/08/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/09/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/10/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/11/2016 | HOL DIST - Holiday District | 8.0000 |
| 11/14/2016 | SK PAY - Sick Paid | 8.0000 |
| 11/15/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/16/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/17/2016 | REG FT - Regular Full Time | 8.0000 |
| 11/18/2016 | REG FT - Regular Full Time | 8.0000 |

Pay Period Totals

| Hours Code | Hours |
|-----------------------------|----------------|
| HOL DIST - Holiday District | 8.0000 |
| REG FT - Regular Full Time | 64.0000 |
| SK PAY - Sick Paid | 8.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|-----------------------|-----------|-----------------------|---------------------|----------|
| 11/17/2016 4:11:24 PM | Uploaded | pwilliams | 40 - Public Affairs | |
| 11/17/2016 2:35:41 PM | Approved | 305 - Williams, Peggy | 40 - Public Affairs | |
| 11/16/2016 7:57:47 AM | Submitted | 324 - Legaspi, Joey | 40 - Public Affairs | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-----------|---------|-------------------|
| 12/6/2016 | 2 hours | Purveyor Workshop |

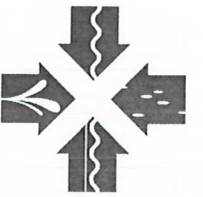


Central Basin
Municipal Water District

I certify that the aforementioned is true and accurate.

X

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke.



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 12/05/16 - 12/18/16

Employee 324 - Legaspi, Joey

Department 40 - Public Affairs

Approver 305 - Williams, Peggy

Job Title 40-211-01 - Director of External Affairs

Work Date Hours Code

Hours

Shift Code

12/05/2016 REG FT - Regular Full Time 8.0000
12/06/2016 REG FT - Regular Full Time 8.0000
12/07/2016 REG FT - Regular Full Time 8.0000
12/08/2016 VAC PAY - Vacation Paid 8.0000
12/09/2016 REG FT - Regular Full Time 8.0000
12/12/2016 REG FT - Regular Full Time 8.0000
12/13/2016 REG FT - Regular Full Time 8.0000
12/14/2016 REG FT - Regular Full Time 8.0000
12/15/2016 REG FT - Regular Full Time 8.0000
12/16/2016 REG FT - Regular Full Time 8.0000

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Pay Period Totals

| Hours Code | Hours |
|----------------------------|----------------|
| REG FT - Regular Full Time | 72.0000 |
| VAC PAY - Vacation Paid | 8.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|------------------------|-----------|---------------------|---------------------|----------|
| 12/15/2016 4:07:56 PM | Uploaded | pwilliams | 40 - Public Affairs | |
| 12/15/2016 12:07:01 PM | Approved | 349 - Hunt, Kevin | 40 - Public Affairs | |
| 12/14/2016 7:49:45 AM | Submitted | 324 - Legaspi, Joey | 40 - Public Affairs | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-----------|---------|-------------------|
| 1/25/2017 | 2 hours | Purveyor Workshop |



I certify that the aforementioned is true and accurate.

X

A handwritten signature in blue ink, consisting of a series of loops and flourishes, positioned over a horizontal line.



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 01/16/17 - 01/29/17

Employee 324 - Legaspi, Joey

Department 40 - Public Affairs

Approver

305 - Williams, Peggy

Job Title 40-211-01 - Director of External Affairs

Shift Code

Work Date Hours Code

| | | |
|------------|-----------------------------|--------|
| 01/16/2017 | HOL DIST - Holiday District | 8.0000 |
| 01/17/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/18/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/19/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/20/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/23/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/24/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/25/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/26/2017 | REG FT - Regular Full Time | 8.0000 |
| 01/27/2017 | REG FT - Regular Full Time | 8.0000 |

Pay Period Totals

| Hours Code | Hours |
|-----------------------------|----------------|
| HOL DIST - Holiday District | 8.0000 |
| REG FT - Regular Full Time | 72.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|----------------------|-----------|---------------------|---------------------|----------|
| 1/27/2017 7:50:00 AM | Uploaded | pwilliams | 40 - Public Affairs | |
| 1/26/2017 9:56:40 AM | Approved | 349 - Hunt, Kevin | 40 - Public Affairs | |
| 1/24/2017 2:52:20 PM | Submitted | 324 - Legaspi, Joey | 40 - Public Affairs | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-----------|---------|-------------------|
| 2/22/2017 | 2 hours | Purveyor Workshop |



Central Basin
Municipal Water District

I certify that the aforementioned is true and accurate.

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A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke.



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 02/13/17 - 02/26/17

Employee 324 - Legaspi, Joey

Department 40 - Public Affairs

Approver 305 - Williams, Peggy

Job Title 40-211-01 - Director of External Affairs

Work Date Hours Code

| | | |
|------------|-----------------------------|--------|
| 02/13/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/14/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/15/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/16/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/17/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/20/2017 | HOL DIST - Holiday District | 8.0000 |
| 02/21/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/22/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/23/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/24/2017 | REG FT - Regular Full Time | 8.0000 |

Pay Period Totals

| Hours Code | Hours |
|-----------------------------|----------------|
| HOL DIST - Holiday District | 8.0000 |
| REG FT - Regular Full Time | 72.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|-----------------------|-----------|---------------------|---------------------|----------|
| 2/24/2017 8:33:49 AM | Uploaded | pwilliams | 40 - Public Affairs | |
| 2/22/2017 2:47:54 PM | Approved | 349 - Hunt, Kevin | 40 - Public Affairs | |
| 2/21/2017 11:05:16 AM | Submitted | 324 - Legaspi, Joey | 40 - Public Affairs | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------------|----------|--|
| 02/27/17-03/12/17 | 10 hours | Draft report to Directors on implementation of AB 1794 |



Central Basin
Municipal Water District

I certify that the aforementioned is true and accurate.

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Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 02/27/17 - 03/12/17

Employee 324 - Legaspi, Joey

Department 40 - Public Affairs

Approver

305 - Williams, Peggy

Job Title 40-211-01 - Director of External Affairs

Work Date

Hours

Shift Code

| | | |
|------------|----------------------------|--------|
| 02/27/2017 | REG FT - Regular Full Time | 8.0000 |
| 02/28/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/01/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/02/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/03/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/06/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/07/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/08/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/09/2017 | REG FT - Regular Full Time | 8.0000 |
| 03/10/2017 | REG FT - Regular Full Time | 8.0000 |

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| 8.0000 |
| 8.0000 |

Pay Period Totals

| Hours Code | Hours |
|----------------------------|---------|
| REG FT - Regular Full Time | 80.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|----------------------|-----------|---------------------|---------------------|----------|
| 3/9/2017 4:25:43 PM | Uploaded | pwilliams | 40 - Public Affairs | |
| 3/7/2017 12:57:40 PM | Approved | 349 - Hunt, Kevin | 40 - Public Affairs | |
| 3/7/2017 9:18:09 AM | Submitted | 324 - Legaspi, Joey | 40 - Public Affairs | |

Employee Signature

Approver Signature

AB 1794 Implementation - Description of Hours Worked

| Date | Hours | Description |
|-------------------|----------|--|
| 03/13/17-03/26/17 | 10 hours | Draft report to Directors on implementation of AB 1794 |



I certify that the aforementioned is true and accurate.

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A handwritten signature in blue ink, consisting of a large, stylized 'S' or 'B' shape with a loop at the end, positioned over a horizontal line.



Central Basin

Municipal Water District

Employee Timesheet Report

Pay Date Range 03/13/17 - 03/26/17

Employee 324 - Legaspi, Joey

Department 40 - Public Affairs

Approver 305 - Williams, Peggy

Job Title 40-211-01 - Director of External Affairs

Work Date Hours Code

Hours

Shift Code

03/13/2017 REG FT - Regular Full Time 8.0000
03/14/2017 REG FT - Regular Full Time 8.0000
03/15/2017 REG FT - Regular Full Time 8.0000
03/16/2017 REG FT - Regular Full Time 8.0000
03/17/2017 REG FT - Regular Full Time 8.0000
03/20/2017 REG FT - Regular Full Time 8.0000
03/21/2017 REG FT - Regular Full Time 8.0000
03/22/2017 REG FT - Regular Full Time 8.0000
03/23/2017 REG FT - Regular Full Time 8.0000
03/24/2017 REG FT - Regular Full Time 8.0000

Pay Period Totals

| Hours Code | Hours |
|----------------------------|----------------|
| REG FT - Regular Full Time | 80.0000 |
| Total Hours | 80.0000 |

Pay Period History

| Changed On | Status | Made By | Department | Comments |
|----------------------|-----------|---------------------|---------------------|----------|
| 3/23/2017 2:16:23 PM | Uploaded | pwilliams | 40 - Public Affairs | |
| 3/22/2017 6:24:02 PM | Approved | 349 - Hunt, Kevin | 40 - Public Affairs | |
| 3/21/2017 4:06:48 PM | Submitted | 324 - Legaspi, Joey | 40 - Public Affairs | |

Employee Signature

Approver Signature

Section 5 (A) 8.

| | | | |
|------------|----------|---|-------|
| 07/25/2017 | 07.21.17 | CCCA ANNUAL SUMMER SEMINAR, 05/12/17 - 05/14/17 | 44.86 |
|------------|----------|---|-------|

07/31/2017

\$44.86

20924

Forty-Four and 86/100 Dollars

JOHN OSKOU
30 SAN PATRICIO
RANCHO SANTA MAR, CA 92688

**CENTRAL BASIN MUNICIPAL WATER DISTRICT
 BOARD MEMBER'S EXPENSE CLAIMS (Effective 01/01/16)**

Director's Name:

John Oskoui 107

Director's Report on
Conference Attendance

Report Date

5/22/2017

Requirement Met?
Y/N

Y

OUT OF TOWN EXPENSE CLAIM

Date(s): May 12-14, 2017

Location: Indian Wells, CA

Meeting Description: CCCA Annual Summer Seminar

| | | | | |
|--|-----------------|-------|-------------|------------------------------|
| Mileage: | miles @ \$0.535 | 51026 | \$ 0.00 | (Finance Dept Use Only) |
| Transportation | | 51027 | 0.00 | |
| Parking | | 51027 | 22.00 | |
| Housing Accommodations | | 51029 | 410.16 | |
| Meals | | 51030 | 0.00 | |
| Miscellaneous Expenses | | 51099 | 22.86 | Use GL of Housing Acc. 51029 |
| Registration Fees | | 51028 | 600.00 | |
| Total Expenses | | | \$ 1,055.02 | \$ |
| Less: Total of ALL Expenses Paid By District | | | 1,010.16 | |
| Less: Total Disallowed Expenses | | | | |
| Balance To Be Reimbursed | | | \$ 44.86 | \$ |

OTHER EXPENSE CLAIMS

| Date | Business Purpose & Location | Mileage Miles X \$0.535 | Meals | Parking / Other Exp. | Subtotal |
|--|-----------------------------|----------------------------|---------|-------------------------|----------|
| | | | | | \$ - |
| | | | | | \$ - |
| | | | | | |
| | | | | | |
| | | | | | |
| Total Expenses | | \$ | \$ 0.00 | | \$ - |
| Balance To Be Reimbursed (Finance Dept Use Only) | | \$ | \$ | \$ | \$ |

Note: Receipts for all expenses must be attached. Expenses submitted 90 days after date incurred will require Board approval.

Under penalty of perjury, I certify that this claim is true and correct and the expenses were incurred by me in the performance of my duties. As for the disallowed expenses paid by the District on my behalf, I hereby authorize the District to deduct the amount from my reimbursement.

Signature:

Date:

[Signature]
7/21/2017

Reviewed & Approved For Payment

| | |
|----------------------|----------|
| GM | Brd Sec |
| Vendor #: | Inv #: |
| Account Distribution | Total \$ |
| 1.10.102-51026 | \$ |
| 1.10.102-51027 | \$ |
| 1.10.102-51028 | \$ |
| 1.10.102-51029 | \$ |
| 1.10.102-57099 | |
| 1.10.100-51030 | \$ |

| Expense Claims Worksheet | | | | | |
|---------------------------------|-------------------|----------------------------|-------------|---------------------|-------------|
| Name: | | John Oskoui | | | |
| Date: | | May 12-14, 2017 | | | |
| Conference: | | CCCA Annual Summer Seminar | | | |
| | Description | Date | District | Paid By Director | Total |
| Mileage @.535 | | | | \$ - | \$ - |
| Transportation | | | | | |
| Parking | Parking | 5/12/17 | | \$ 11.00 | \$ 22.00 |
| | Parking | 5/13/17 | | \$ 11.00 | |
| Housing | Room + Tax | 5/12/17 | \$ 205.08 | | \$ 410.16 |
| | Room + Tax | 5/13/17 | \$ 205.08 | | |
| | Room + Tax | | | | |
| Meals | | | | | \$ - |
| Misc. | Additional Taxes | 5/12/17 | | \$ 11.43 | \$ 22.86 |
| | Additional Taxes | 5/13/17 | | \$ 11.43 | |
| Reg. Fees | CCCA Registration | | \$ 600.00 | | \$ 600.00 |
| Total Expenses | | | \$ 1,010.16 | \$ 44.86 | \$ 1,055.02 |
| Less Total Paid by the District | | | | | \$ 1,010.16 |
| Less Disallowed Expenses | | | | | |
| Total Reimbursement | | | | | \$ 44.86 |



Hyatt Regency Indian Wells Resort and Spa
 44600 Indian Wells Lane
 Indian Wells, CA 92210
 Tel: 760-776-1234
 Fax: 760-568-2236

INVOICE

Payee John Oskoui
 6252 Telegraph
 City Of Commerce CA 90040
 United States

Room No. 4219
 Arrival 05-12-17
 Departure 05-14-17
 Page No. 1 of 1
 Folio Window 1
 Folio No. 627513

Confirmation No. 4133908701
 Group Name California Contract Cities Assn
 Booking No. 32JSH9BB

| Date | Description | Charges | Credits |
|----------|--------------------------------|---------|---------|
| 05-12-17 | Taxes & Assessments | 1.43 | |
| 05-12-17 | Parking Overnight - Self | 11.00 | |
| 05-12-17 | Resort Fee | 10.00 | |
| 05-13-17 | Taxes & Assessments | 1.43 | |
| 05-13-17 | Parking Valet | 11.00 | |
| 05-13-17 | Resort Fee | 10.00 | |
| 05-14-17 | Visa XXXXXXXXXXXXXXX5133 XX/XX | | 44.86 |

Total 44.86 44.86

Guest Signature Balance 0.00

I agree that my liability for this bill is not waived and I agree to be held personally liable in the event that the indicated person, company or association fails to pay for any part or the full amount of these charges.

World of Hyatt Summary

Membership: 534220016G
 Bonus Codes:
 Qualifying Nights: 2
 Eligible Spend: 378.00
 Redemption Eligible: 42.00

WE HOPE YOU ENJOYED YOUR STAY WITH US!

Your feedback is always appreciated. Please let us know your thoughts at: qualitychamp@hyatt.com

We thank you for your business and appreciate your loyalty.
 For questions regarding your World of Hyatt account, call 800-30-HYATT

For inquiries concerning your bill please call 888-588-4384

Summary Invoice, please see front desk for eligibility details.

Per Director Oskoui, hotel was having an event and Self parking lot was full. Hotel staff had him park in valet area. He was only charged the Self parking rate.



Hyatt Regency Indian Wells Resort and Spa
 44600 Indian Wells Lane
 Indian Wells, CA 92210
 Tel: 760-776-1234
 Fax: 760-568-2236

INVOICE

Guest Oskoui, John

Payee Central Basin District
 6252 Telegraph Road
 Los Angeles CA 90040
 United States

Room No. 4219
 Arrival 05-12-17
 Departure 05-14-17
 Page No. 1 of 1
 Folio Window 2
 Folio No. 627514

Confirmation No. 4133908701
 Group Name California Contract Cities Assn
 Booking No. 32JSH9BB

| Date | Description | Charges | Credits |
|--------------|---------------------|------------------------|---------------|
| 05-12-17 | Taxes & Assessments | 26.08 | |
| 05-12-17 | Group Room | 179.00 | |
| 05-13-17 | Taxes & Assessments | 26.08 | |
| 05-13-17 | Group Room | 179.00 | |
| 05-14-17 | Visa | XXXXXXXXXXXX4024 XX/XX | 410.16 |
| Total | | 410.16 | 410.16 |

Guest Signature

Balance

0.00

I agree that my liability for this bill is not waived and I agree to be held personally liable in the event that the indicated person, company or association fails to pay for any part or the full amount of these charges.

World of Hyatt Summary

Membership: 534220016G
 Bonus Codes:
 Qualifying Nights: 2
 Eligible Spend: 378.00
 Redemption Eligible: 42.00

Summary Invoice, please see front desk for eligibility details.

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Your feedback is always appreciated. Please let us know your thoughts at: qualitychamp@hyatt.com

We thank you for your business and appreciate your loyalty.
 For questions regarding your World of Hyattaccount, call 800-30-HYATT

For inquiries concerning your bill please call 888-588-4384

Welcome, Cecilia Pulido. You are currently logged in as an administrator.

California Contract Cities Annual Municipal Seminar - "Strength In Numbers"

Download the mobile app for this event: <https://crowd.cc/s/wjmI>



General Options

Name:

John Oskoui

Email:

johnno@centralbasin.org

Title:

Board Member

Organization:

Central Basin Municipal Water District

Address:

6252 Telegraph Road

Commerce, California 90040

Confirmation Number:

VVNW2J93YND (needed to modify your registration)

Event Title:

California Contract Cities Annual Municipal Seminar - "Strength In Numbers"

Location:

Renaissance Indian Wells Resort & Spa

44400 Indian Wells Lane

Indian Wells, California 92210

USA

Date:

05/10/2017

Time:

4:00 PM

Current Registration Details

Order Summaries

Order

| Date | Type | Invoice # | Amt Ordered | Amt Paid | Amt Due |
|------------------------|--------------|-------------------|-----------------|-----------------|---------------|
| 04/19/2017 11:45 AM PT | online order | ALT17-042017-0480 | \$600.00 | \$600.00 | \$0.00 |
| Total: | | | \$600.00 | \$600.00 | \$0.00 |

Payment Details

Details

| Date | Type | Reference # | Amt Paid |
|------------|------|-------------|----------|
| 04/19/2017 | Visa | 4024 | \$600.00 |



Central Basin

Municipal Water District

6252 Telegraph Road
 Commerce, CA 90040-2512

August 01, 2017

Phone: 323.201.5500
 Fax: 323.201.5550
www.centralbasin.org

I hereby acknowledge the receipt of checks number 20924, dated 07/31/2017 made out to JOHN OSKOU in the amount of \$44.86 for the following invoices for Central Basin Municipal Water District, on 07/25/2017

Board of Directors

Division I

Pedro Aceituno

Division II

Robert Apodaca

Division III

Arturo Chacon

Division IV

Leticia Vasquez

Division V

Phillip D. Hawkins

Director at Large

William C. Gedney

Director at Large

John Oskoui

Director at Large

Mark Grajeda

Invoice Numbers

07.21.17

Amounts

\$44.86

We verified all the information to be correct and holds the District blameless for any information that may occur subsequent to the receipt of this check that may arise.

Received By:

Print Name

Cecilia Pylido

Signature

[Handwritten Signature]

Date

8/1/17

General Manager

Kevin P. Hunt, P.E.

Serving the Cities of

| | |
|------------------|------------------|
| Artesia | La Mirada |
| Bell | Lynwood |
| Bellflower | Maywood |
| Bell Gardens | Montebello |
| Carson | Monterey Park |
| Cerritos | Norwalk |
| Commerce | Paramount |
| Compton | Pico Rivera |
| Cudahy | Santa Fe Springs |
| Downey | Signal Hill |
| Hawaiian Gardens | South Gate |
| Huntington Park | Whittier |
| La Habra Heights | Vernon |
| Lakewood | |

and Unincorporated Areas
 of Los Angeles County

| | | | |
|------------|----------|---|--------|
| 07/25/2017 | 07.14.17 | ACWA CONFERENCE - 05/10/2017 - 05/12/2017 | 630.00 |
|------------|----------|---|--------|

07/31/2017

\$630.00

20925

Six Hundred Thirty and 00/100 Dollars

WILLIAM C. GEDNEY
12035 BURKE STREET, SUITE 1
SANTA FE SPRINGS, CA 90670

**CENTRAL BASIN MUNICIPAL WATER DISTRICT
 BOARD MEMBER'S EXPENSE CLAIMS (Effective 01/01/16)**

Director's Name:

William Gedney

106

**Director's Report on
 Conference Attendance**

Report Date

5/22/2017

**Requirement Met?
 Y/N**

Y

OUT OF TOWN EXPENSE CLAIM

Date(s): May 10-12, 2017

Location: Monterey, CA

Meeting Description: ACWA Conference

| | | | | |
|--|-----------------|-------|-----------|------------------------------|
| Mileage: | miles @ \$0.535 | 51026 | \$ 0.00 | \$ (Finance Dept Use Only) |
| Transportation | | 51027 | 0.00 | |
| Parking | | 51027 | 0.00 | |
| Housing Accommodations | | 51029 | 317.02 | |
| Meals | | 51030 | 73.76 | |
| Miscellaneous Expenses | | 57099 | 0.00 | |
| Registration Fees | | 51028 | 575.00 | |
| Total Expenses | | | \$ 965.78 | \$ |
| Less: Total of ALL Expenses Paid By District | | | 335.78 | |
| Less: Total Disallowed Expenses | | | | |
| Balance To Be Reimbursed | | | \$ 630.00 | \$ |

OTHER EXPENSE CLAIMS

| Date | Business Purpose & Location | Mileage Miles X \$0.535 | Meals | Parking / Other Exp. | Subtotal |
|--|-----------------------------|----------------------------|---------|-------------------------|----------|
| | | | | | \$ - |
| | | | | | \$ - |
| | | | | | |
| | | | | | |
| | | | | | |
| Total Expenses | | \$ | \$ 0.00 | | \$ - |
| Balance To Be Reimbursed (Finance Dept Use Only) | | \$ | \$ | \$ | \$ |

Note: Receipts for all expenses must be attached. Expenses submitted 90 days after date incurred will require Board approval.

Under penalty of perjury, I certify that this claim is true and correct and the expenses were incurred by me in the performance of my duties. As for the disallowed expenses paid by the District on my behalf, I hereby authorize the District to deduct the amount from my reimbursement.

Signature:

Date:

wcgedney@
gswater.com

Digitally signed by
 wcgedney@gswater.com
 DN:
 cn=wcedney@gswater.com
 Date: 2017.07.14 12:40:22
 -07'00'

Reviewed & Approved For Payment

| | |
|-----------------------------|-----------------|
| GM | Brd Sec |
| Vendor #: | Inv #: |
| Account Distribution | Total \$ |
| 1.10.102-51026 | \$ |
| 1.10.102-51027 | \$ |
| 1.10.102-51028 | \$ |
| 1.10.102-51029 | \$ |
| 1.10.102-57099 | |
| 1.10.100-51030 | \$ |

| Expense Claims Worksheet | | | | | |
|---------------------------------|-------------------|-----------------|-----------|---------------------|-----------|
| Name: | | William Gedney | | | |
| Date: | | May 10-12, 2017 | | | |
| Conference: | | ACWA Conference | | | |
| | Description | Date | District | Paid By Director | Total |
| Mileage @.535 | | | | \$ - | \$ - |
| Transportation | | | | | |
| Parking | | | | | \$ - |
| Housing | Room + Tax | 5/10/17 | \$ 158.51 | | \$ 317.02 |
| | Room + Tax | 5/11/17 | \$ 158.51 | | |
| Meals | Breakfast Buffet | 5/11/17 | \$ 18.76 | | \$ 73.76 |
| | ACWA Luncheon | 5/10/17 | | \$ 55.00 | |
| Misc. | | | | | \$ - |
| Reg. Fees | ACWA Registration | | | \$ 575.00 | \$ - |
| Total Expenses | | | \$ 335.78 | \$ 630.00 | \$ 965.78 |
| Less Total Paid by the District | | | | | \$ 335.78 |
| Less Disallowed Expenses | | | | | |
| Total Reimbursement | | | | | \$ 630.00 |



700 MUNRAS AVE, MONTEREY, CA 93940
 PHONE: 831.375.2411 FAX: 831.375.1365
 EMAIL: CASAMUNRAS@INNSOFMONTEREY.COM
 WWW.HOTELCASAMUNRAS.COM

GEDNEY, WILLIAM
 GOVERNMENT
 6252 Telegraph Road
 Commerce, CA 90040 US

Room Number: 185
 Daily Rate: 140.00
 Room Type: B1K
 No. of Guests: 1 / 0

| ARRIVAL | DEPARTURE | CREDIT CARD | RATE PLAN | CATEGORY | ACCOUNT |
|-----------|-----------|------------------|-----------|----------|-------------|
| 5/10/2017 | 5/12/2017 | XXXXXXXXXXXX4024 | GV1 | GOVT | 00220375876 |

| DATE | ROOM NO. | DESCRIPTION | REFERENCE | AMOUNT |
|-----------|----------|-------------------------------|-------------------------------|------------|
| 5/9/2017 | 185 | VISA | VISA 4024 | (\$317.03) |
| 5/10/2017 | 185 | RM CHG GOVERNMENT | #185 GEDNEY, WILLIAM | \$140.00 |
| 5/10/2017 | 185 | OCCUPANCY TAX | OCCUPANCY TAX | \$14.27 |
| 5/10/2017 | 185 | TOURISM ASSESMENT FEE | TOURISM ASSESMENT FEE | \$2.00 |
| 5/10/2017 | 185 | CONF. CTR. FACILITY DIST. TAX | CONF. CTR. FACILITY DIST. TAX | \$2.24 |
| 5/11/2017 | 185 | RESTAURANT | 185/1604/10:02/RESTAURANT | \$18.77 |
| 5/11/2017 | 185 | RM CHG GOVERNMENT | #185 GEDNEY, WILLIAM | \$140.00 |
| 5/11/2017 | 185 | OCCUPANCY TAX | OCCUPANCY TAX | \$14.27 |
| 5/11/2017 | 185 | TOURISM ASSESMENT FEE | TOURISM ASSESMENT FEE | \$2.00 |
| 5/11/2017 | 185 | CONF. CTR. FACILITY DIST. TAX | CONF. CTR. FACILITY DIST. TAX | \$2.24 |
| 5/12/2017 | 185 | VISA | VISA 4024 | (\$18.76) |

TOTAL DUE: \$0.00

TERMS: DUE AND PAYABLE UPON PRESENTATION. I AGREE THAT MY LIABILITY FOR THIS BILL IS NOT WAIVED AND AGREE TO BE HELD PERSONALLY LIABLE IN THE EVENT THAT THE INDICATED PERSON, COMPANY OR ASSOCIATION FAILS TO PAY FOR ANY PART OR THE FULL AMOUNT OF THESE CHARGES.

Cecilia Pulido

Subject: FW: Receipt for ACWA 2017 Spring Conference & Exhibition

From: Gedney, William C. [mailto:WCGEDNEY@gswater.com]
Sent: Wednesday, May 17, 2017 4:53 PM
To: Margarita Aguilar <maggiea@centralbasin.org>
Subject: FW: Receipt for ACWA 2017 Spring Conference & Exhibition

From: Events [mailto:events@acwa.com]
Sent: Wednesday, May 10, 2017 11:47 AM
To: Gedney, William C. <WCGEDNEY@gswater.com>
Subject: Receipt for ACWA 2017 Spring Conference & Exhibition

EXTERNAL EMAIL

You may receive multiple copies of this email receipt. Please note that you have NOT been charged more than once. We apologize for any inconvenience.

ACWA Event Receipt

Thank you for registering for this event!

Registrant: William Gedney

Company: Central Basin Municipal Water District

Event: ACWA 2017 Spring Conference & Exhibition

Event Dates: 5/9/2017 8:00 AM to 5/12/2017 11:00 AM

Event Location: Monterey Marriott & Portola Hotel
(Monterey, CA)

A receipt of the transaction(s) made on your registration is below:

**Invoice #INV-14968-D7L2Z3 created on 5/10/2017,
modified on 5/10/2017 for registration #*0000316530*.**

| Product | Quantity | Price | Discounts/Credits | Extended Amount |
|-----------------------------------|----------|----------|-------------------|-----------------|
| Wednesday Luncheon | 1 | \$55.00 | \$0.00 | \$55.00 |
| Full Conference Registration Only | 1 | \$575.00 | \$0.00 | \$575.00 |
| Total: | | | | \$630.00 |

Invoice Status: Paid

If your invoice status is, "Unpaid" and you wish to pay by check, please include the event name and the attendee(s) full name with payment.

Please send payment (payable to ACWA) to:
ACWA, 910 K Street, Suite 100, Sacramento, CA 95814-3577

To make payment over the phone, please contact ACWA's Accounting Department at 916-441-4545.

Federal Tax ID # 94-6003910

*ACWA Conference & Workshop/Seminar
Registrants: To expedite the check-in process on-site, ACWA must receive payment two weeks prior to the event.*

*Exhibit Booth & Region Event
Registrants: ACWA must receive payment one week prior to the event.*

Cecilia Pulido

From: Gedney, William C. <WCGEDNEY@gswater.com>
Sent: Friday, July 14, 2017 12:42 PM
To: Cecilia Pulido
Cc: Ring, Lisa
Subject: RE: ACE expenses
Attachments: 06-30-17 - WG.PDF

Here it is - thank you Cecelia.

-----Original Message-----

From: Cecilia Pulido [mailto:ceciliap@centralbasin.org]
Sent: Friday, July 14, 2017 11:13 AM
To: Gedney, William C. <WCGEDNEY@gswater.com>
Cc: Kevin Hunt <kevinh@centralbasin.org>; Margarita Aguilar <maggiea@centralbasin.org>
Subject: RE: ACE expenses

EXTERNAL EMAIL

Hi Director,

I'm glad everything is correct. Yes, we would like to submit your reimbursement today. I've attached the form for your signature. Feel free to email it back or fax it here 323-201-5550.

Best,

Cecilia

-----Original Message-----

From: Gedney, William C. [mailto:WCGEDNEY@gswater.com]
Sent: Friday, July 14, 2017 11:01 AM
To: Cecilia Pulido <ceciliap@centralbasin.org>
Subject: ACE expenses

Cecelia - the billing for ACE is correct. Do you need signed form today?

Sent from my iPhone

This message and any attached documents contain certain information from American States Water Company and its subsidiary companies that may be confidential and/or privileged. If you are not the intended recipient, you may not read, copy, distribute or use this information. If you have received this transmission in error, please notify the sender immediately by reply e-mail and then delete this message.

This email and any attached files are confidential and intended solely for the intended recipient(s). If you are not the named recipient you should not read, distribute, copy or alter this email. Any views or opinions expressed in this email are those of the author and do not represent those of Central Basin Municipal Water District. Warning: Although precautions have been taken to make sure no viruses are present in this email, the company cannot accept responsibility for any loss or damage that arise from the use of this email or attachments.

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Gallery Frames

11210 Greenstone Ave.
 Santa Fe Springs, CA 90670
 323-422-1210
 galleryframesdowney@gmail.com

DATE 3/28/2017

INVOICE 10832

| | |
|--------------|---|
| SOLD TO | CENTRAL BASIN MWD |
| ADDRESS | 6252 TELEGRAPH ROAD COMMERCE, CA 90040 |
| PHONE | 323-201-5500 |
| PICK UP DATE | |
| BIN | JOB |

| SPECIFICATIONS | SIZE | QTY. | COST | AMOUNT |
|--|----------------|------|----------|----------|
| MOULDING # 9959 | 12 15 REFRAME | 7 | \$70.00 | \$490.00 |
| TOP MAT | | 0 | \$0.00 | \$0.00 |
| BOTTOM MAT | | 0 | \$0.00 | \$0.00 |
| MOULDING # 9959 | 12 15 COMPLETE | 3 | \$110.00 | \$330.00 |
| TOP MAT | | 0 | \$0.00 | \$0.00 |
| BOTTOM MAT | | 0 | \$0.00 | \$0.00 |
| GLASS REG <input type="checkbox"/> UV x PLEXI <input type="checkbox"/> NON GLARE | | 0 | \$0.00 | \$0.00 |
| VAC MOUNTING <input type="checkbox"/> VMF <input type="checkbox"/> VMC | | 0 | \$0.00 | \$0.00 |
| STRETCHING <input type="checkbox"/> OILS <input type="checkbox"/> NEEDLEWORK | | 0 | \$0.00 | \$0.00 |
| MUSEUM MOUNT <input type="checkbox"/> CONSERVATION <input type="checkbox"/> | | | | \$0.00 |
| FITTING | | | | \$0.00 |
| MISC. | | 0 | \$0.00 | \$0.00 |
| MISC. | | 0 | \$0.00 | \$0.00 |
| COND. OF ARTWORK EXL. <input type="checkbox"/> GOOD <input type="checkbox"/> POOR <input type="checkbox"/> | | | | |
| DESCRIPTION OF ARTWORK & LOCATION | | | | |
| COMMENTS: | | | DISC. | 0.00% |
| | | | | |
| | | | | |

Appointed Directors
 3 Frames for Portraits
 \$330 x \$29.70 (Sales Tax 9%) = \$359.70

SUB TOTAL \$820.00
 SALES TAX \$73.80
 TOTAL \$893.80

DEPOSIT \$0.00
 DISCOUNT \$0.00

BAL. DUE \$893.80

SPECIAL INSTRUCTIONS

CUSTOMER SIGNATURE _____

NOT RESPONSIBLE FOR WORK LEFT OVER 60 DAYS
 THANK YOU FOR YOUR BUSINESS



HOUSE of WINNERS, INC.

5651 East Washington Blvd., City of Commerce, CA 90040
 TEL. (323) 725-7270 FAX. (323) 725-1167
 www.houseofwinnersinc.com

ACCOUNT NO. _____ DATE 2/22/17

SOLD TO Central Basin SHIP TO Maggie

| TERM | | DATE SHIPPED | SHIP VIA | FOB | |
|------|------|------------------------|------------|--------|----|
| | | | | | |
| ITEM | QTY. | DESCRIPTION | UNIT PRICE | AMOUNT | |
| | 6 | 4 1/2 x 1 Nameplates | 7.50 | 45. | 00 |
| | 2 | Name plates | 15.00 | 30. | 00 |
| | | 2 x 10 silver plate | | | |
| | 3 | Name plate w/ portrait | 20.00 | 60. | 00 |
| | | 2 x 10 silver plate | | | |
| | | | LABOR | | |
| | | | SUB TOTAL | 135. | 00 |
| | | | TAX 9.25% | 12. | 49 |
| | | | FREIGHT | | |
| | | | G. TOTAL | 147. | 49 |

PAID

HOUSE OF WINNERS, INC. CUSTOMER

THANK YOU FOR YOUR BUSINESS

HOUSE OF WINNERS
 5651 E WASHINGTON BLVD
 LOS ANGELES, CA. 90040
 323-725-7270

Sale

xxxxxxxxxxxx4024
 VISA Entry Method: Chip

Total: \$ 147.49

02/23/17 15:38:42

Inv #: 0000000001

Appr Code: 188855

Apprvd: Online

Visa Credit

ID: A00000000031010

VR: 80 80 00 80 00

SI: 68 00

Customer Copy

THANK YOU!

For Appointed - Board
 Room Dais Name
 Plates and Portrait
 Frame Names Plates

\$ 7.50 x 3 = \$22.50

\$20.00 x 3 = \$60.00

\$82.50

\$ 7.63 (9.25%tax)

\$90.13

| | | | |
|------------|----|---|--------|
| 03/20/2017 | 01 | Business Portraits for Directors Oskoui and Grajeda | 200.00 |
|------------|----|---|--------|

03/30/2017

\$200.00

20549

Two Hundred and 00/100 Dollars

ADAM EMPEROR SOUTHARD
2024 N COMMONWEALTH AVE, #3
LOS ANGELES, CA 90027

Date Billed: 3/20/17

Invoice

Bill to:

Central Basin Municipal Water District
Cecilia Pulido
6252 Telegraph Rd
Commerce, CA 90040

INVOICE AUTHORIZED

Dept. Manager [Signature]
Project Manager CP
P.O. No. 2017-417 closed ☐yes ☐no
Contract No. _____
Project No. _____

1 - 10 - 102.53103

Invoice # 01

Pay to:

Name: Adam Southard (www.BestLAHeadshots.com)
Address: 2024 N Commonwealth Ave #3
Los Angeles, CA 90027
Telephone: 310-498-1719

| Date | Description of Services | Location | Amount |
|------------|--|---|-------------|
| 21-Mar | Business Portraits 6:30pm - 10:30pm | 6252 Telegraph Rd Commerce, CA 90040 | \$200 |
| Total due: | | | \$ 200.00 ✓ |

Make Checks Payable to: Adam Southard
Payment Due Day Of Shoot

INVOICE
E13804



| | | | | |
|---|--------------------------------|-----------------------------------|-------------------------------------|--------------------|
| Client/Organization Central Basin Municipal Water District | Event Date 3/3/2017 (Fri) | Telephone (323) 201-5511 | Fax (310) 614-7331 | Event # E13804 |
| Address 6252 Telegraph Road, Commerce, CA 90040 | | Booking Contact Kelsey Coleman | Site Contact Kelsey Coleman | Guests 50 (Pln) |
| Party Name Installation Ceremony | Sales Rep Rita DeBenedictis | P.O. # | Party Name Installation Ceremony | |

Services Provided at:

Central Basin Municipal Water District 6252 Telegraph Road Commerce, CA 90040

| Food/Service Items | | | |
|---|-------|-----|--------|
| Food/Service Items | Price | Qty | Total |
| Deluxe Continental Breakfast | 5.25 | 50 | 262.50 |
| As assortment of: Fresh Baked Danish - Cinnamon Rolls - Muffins | | | |
| Bagels with Cream Cheese | | | |
| Seasonal Fresh Fruit | | | |

| | | | |
|--------------|------|----|-------|
| Orange Juice | 1.75 | 50 | 87.50 |
|--------------|------|----|-------|

Coffee Station:
 Fresh Brewed Coffee
 Coffee Urn

INVOICE AUTHORIZED

Dept. Manager _____
 Project Manager _____
 P.O. No. 2017-392 closed ☒ yes ☐ no
 Contract No. _____
 Project No. _____

1-10-102.57099

Sub-total: 350.00
 Sales Tax: 35.53
 Serv.Chg: 56.00
 Deposits: 0.00

Balance Due: 441.53

Thank you for allowing us the opportunity to serve your event



Thank you for your order

Order Number

347066348

*Directors Grajeda, Gedney, Oskoui
 Vasquez Portrait Headshots for
 1st Floor Display*

Print Options

2 Prints Director Grajeda (Appointed)
 2 Prints Director Gedney (Appointed)
 2 Prints Director Oskoui (Appointed)
 \$10.74 + .94 (8.75% sales tax) = \$11.68

Back Printing: Order number and image name AutoCorrect: On

Pick Up Order Information

Print Order Pick Up Time: Thursday, 03/23/2017 at 5:05 PM

* Important: This pick up time applies to your print order only.

Pick Up Location:

PETTY CASH

| | |
|-----------------------------------|----------------------|
| AMOUNT \$ 457 21.41 | FOR <i>Directors</i> |
| NO. <i>457</i> | <i>Photography</i> |
| DATE <i>03/24/17</i> | |
| ACCOUNT NO. <i>1-10-102-53103</i> | |
| APPROVED BY <i>[Signature]</i> | |
| RECEIVED BY <i>[Signature]</i> | |

Print(s)

Pick up time for prints order

| Quantity | Item | Unit Price | Price |
|----------|---------------------------|------------|---------|
| * 6 | 8x10 print, lustre, as is | \$1.79 | \$10.74 |
| 2 | 8x12 print, lustre, as is | \$1.79 | \$3.58 |

* Order item will be available for pick up at warehouse.

* Order Processing and shipping times are only estimates. All order processing and shipping times are shown in number of business days.

3/23/2017

Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant
"7. Documentation"

Receipt

| | |
|---|----------------|
| Subtotal: | \$14.32 |
| Sales tax (CA 8.75%): | \$1.25 |
| Warehouse Pick Up Total: | \$15.57 |
| Payment due when you pick up your order | |

| | |
|--------------|----------------|
| Order Total: | \$15.57 |
|--------------|----------------|



Norwalk #410

12324 Hoxie Ave

Norwalk, CA 90650

(562) 929-0826

1D Member 111739915700

6 @ 1.79

25160 8X CPC 1-99 10.74 A

2 @ 1.79

25160 8X CPC 1-99 3.58 A

SUBTOTAL 14.32

TAX 1.25

**** TOTAL **15.57**

CASH 20.00

CHANGE 4.43

A 8.75% TAX 1.25

TOTAL TAX 1.25

TOTAL NUMBER OF ITEMS SOLD = 8

~~03/24/2017~~ 11:18 410 87 23 251

OP#: 251 Name: Linda R. (PHOTO)

Thank You!

Please Come Again

Whse:410 Trm:87 Trn:23 OP:251

Thank you for your order



Order Number

346295651

+ Directors Hawkins & Aceituno
Portrait Headshots for 1st Floor
Display

Print Options

Back Printing: Order number and image name AutoCorrect: On

Pick Up Order Information

Print Order Pick Up Time: Wednesday, 02/08/2017 at 6:34 PM

* Important: This pick up time applies to your print order only.

Pick Up Location: Norwalk
12324 Hoxie Ave
Norwalk, CA 90650
562-868-0575

Print(s)

Will be ready for pickup on Wednesday, February 8, 2017

| Quantity | Item | Unit Price | Price |
|----------|------------------------------------|------------|--------|
| 3 | 8x10 print, lustre, as is | \$1.79 | \$5.37 |

Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant
"7. Documentation"

* Order item will be available for pick up at warehouse.

* Order Processing and shipping times are only estimates. All order processing and shipping times are shown in number of business days.

| | |
|---|---------------|
| Subtotal: | \$5.37 |
| Sales tax (CA 8.75%): | \$0.47 |
| Warehouse Pick Up Total: | \$5.84 |
| Payment due when you pick up your order | |

Order Total: **\$5.84**

COSTCO
WHOLESALE

Norwalk #410
12324 Hoxie Ave
Norwalk, CA 90650
(562) 929-0826

7I Member 111739915700
3 @ 1.79
25160 UPLOAD 8X10 5.37 A
SUBTOTAL 5.37
TAX 0.47
**** TOTAL **\$5.84**

XXXXXXXXXXXX4240 SWIPED
Seq#: 87126 App#: 076898
EFT/Debit Resp: APPROVED
Tran ID#: 703900087126....
Merchant ID: 99041011

APPROVED - Purchase
AMOUNT: \$5.84
CASHBACK: \$0.00

EFT/Debit 5.84
CHANGE 0.00

A 8.75% TAX 0.47
TOTAL TAX 0.47
TOTAL NUMBER OF ITEMS SOLD = 3
~~02/08/2017~~ 19:38 410 87 71 250
OP#: 250 Name: MONIQUE (photo)
Thank You!
Please Come Again
Whse:410 Trn:87 Trn:71 OP:250

Assembly Bill No. 1794

CHAPTER 401

An act to add Chapter 1.6 (commencing with Section 71265) to Part 3 of Division 20 of the Water Code, relating to municipal water districts.

[Approved by Governor September 21, 2016. Filed with Secretary of State September 21, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1794, Cristina Garcia. Central Basin Municipal Water District.

Existing law, the Municipal Water District Law of 1911, provides for the formation of municipal water districts and grants to those districts' specified powers. Existing law permits a district to acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water for the beneficial use of the district, its inhabitants, or the owners of rights to water in the district. Existing law requires the board of directors of a district to consist of 5 members and each director to be a resident of the division from which the director is elected.

This bill would require the board of directors of the Central Basin Municipal Water District to be composed of 8 directors until the directors elected at the November 8, 2022, election take office, when the board would be composed of 7 directors, as prescribed. By imposing new duties on the district, this bill would create a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

This bill would make its operation contingent on the enactment of SB 953 of the 2015–16 Regular Session.

DIGEST KEY

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

BILL TEXT

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1.

Chapter 1.6 (commencing with Section 71265) is added to Part 3 of Division 20 of the Water Code, to read:

CHAPTER 1.6. Central Basin Municipal Water District 71265.

For the purposes of this chapter:

- (a) "District" means the Central Basin Municipal Water District.
- (b) "Large water purveyor" means a public water system that is one of the top five purveyors of water as measured by the total purchase of potable and recycled water from the district for the three prior fiscal years.
- (c) "Public water system" has the same meaning as in Section 116275 of the Health and Safety Code.
- (d) "Relevant technical expertise" means employment or consulting for a total period of at least five years, prior to the date of first appointment, in one or more positions materially responsible for performing services relating to the management, operations, engineering, construction, financing, contracting, regulation, or resource management of a public water system.
- (e) "Small water purveyor" means a public water system with less than 5,000 connections.

71266.

(a) Except as provided in subdivision (c) and notwithstanding any other provision of this division, the board of directors of the district shall be composed of seven directors as follows:

(1) Four directors, one director elected for each division established pursuant to subdivision (d) by the voters of the division. Each director shall be a resident of the division from which he or she is elected. An election pursuant to this paragraph shall be in accordance with the Uniform District Election Law (Part 4 (commencing with Section 10500) of Division 10 of the Elections Code).

(2) Three directors appointed by the water purveyors of the district in accordance with Section 71267.

(b) The district shall be subject to Section 84308 of the Government Code.

(c) Until the directors elected at the November 8, 2022, election take office, the board of directors shall be composed of eight directors as follows:

(1) Five directors in accordance with Section 71250.

(2) Three directors appointed by the water purveyors of the district pursuant to Section 71267.

(d) The board of directors shall divide the district into four divisions in a manner as to equalize, as nearly as practicable, the population in the respective divisions pursuant to Section 71540.

71267.

(a) The general manager of the district shall notify each water purveyor of the district and provide a 60-day period during which the district will accept nominations for appointment of individuals to the board of directors.

- (b) Individuals nominated for appointment to the board of directors shall demonstrate eligibility and relevant technical expertise.
- (c) (1) The three directors appointed by the water purveyors shall be selected by the water purveyors of the district every four years as follows:
- (A) One director shall be selected by all large water purveyors from the nominees of large water purveyors. Each large water purveyor shall have one vote.
- (B) One director shall be selected by all cities that are water purveyors of the district from the nominees of cities. Each city shall have one vote.
- (C) One director shall be selected by all of the water purveyors of the district from any nominee. The vote of each purveyor shall be weighted to reflect the number of service connections of that water purveyor within the district. If the selection of a director under this subparagraph would result in a violation of paragraph (2), the first eligible candidate receiving the next highest number of votes shall be selected.
- (2) The appointment of directors pursuant to paragraph (1) shall not result in any of the following:
- (A) The appointment of three directors that are all employed by or representatives of entities that are all large water purveyors.
- (B) The appointment of three directors that are all employed by or representatives of entities that are all cities.
- (C) The appointment of three directors that are all employed by or representatives of entities that are all small water purveyors.
- (3) Each nominee for director who receives the highest number of votes cast for each office described in paragraph (1) is appointed as a director to the board of directors and shall take office in accordance with Section 71512. The general manager shall collect the votes and report the results to the water purveyors. Votes for an appointed director are public records.
- (d) Each appointed director shall live or work within the district.
- (e) In order to ensure continuity of knowledge, the directors appointed at the first purveyor selection shall classify themselves by lot so that two of them shall hold office until the selection of their successors at the first succeeding purveyor selection and one of them shall hold office until the selection of his or her successor at the second succeeding purveyor selection.
- (f) (1) The term of a director appointed pursuant to subparagraph (A) of paragraph (1) of subdivision (c) is terminated if the appointed director no longer is employed by or a representative of a large water purveyor.
- (2) The term of a director appointed pursuant to subparagraph (B) of paragraph (1) of subdivision (c) is terminated if the appointed director no longer is employed by or a representative of a city.
- (3) The term of a director appointed pursuant to subparagraph (C) of paragraph (1) of subdivision (c) is terminated if the appointed director no longer is employed by or a representative of a water purveyor.
- (g) (1) An appointed director shall not do any of the following:
- (A) Hold an elected office.
- (B) Hold more than 0.5 percent ownership in a company regulated by the Public Utilities Commission.
- (C) Hold more than one consecutive term of office on the board.

(2) An appointed director shall be subject to all applicable conflict-of-interest and ethics provisions and shall recuse himself or herself from participating in a decision that could have a direct material benefit on the financial interests of the director.

(h) A vacancy in an office of appointed director shall be filled in accordance with the selection process described in subdivisions (a) to (c), inclusive.

(i) (1) An appointed director shall be eligible for all of the following:

(A) Reimbursement for travel and conference expenses pursuant to the Central Basin Municipal Water District Administrative Code.

(B) Compensation for up to 10 meetings per month at the per meeting rate provided by the Central Basin Municipal Water District Administrative Code.

(C) Health insurance benefits, if those benefits are not provided by the director's employer.

(2) An appointed director shall not be eligible to receive communication or car allowances. For purposes of this paragraph, "car allowances" does not include travel expenses incurred as described in paragraph (1).

(3) An appointed director may waive the reimbursement and compensation described in paragraph (1) and may be required to reimburse his or her employer for any compensation received.

SEC. 2.

If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 3.

This act shall only become operative if Senate Bill 953 of the 2015–16 Regular Session is enacted and becomes effective.



Central Basin

Municipal Water District

RECEIVED
December 21, 2017
**Commission on
State Mandates**

6252 Telegraph Road
Commerce, CA 90040-2512

Phone: 323.201.5500
Fax: 323.201.5550
www.centralbasin.org

December 21, 2017

Ms. Heather Halsey
Executive Director
Commission on State Mandates
980 9th Street, Suite 300
Sacramento, CA 95814

Board of Directors

Division I

Pedro Aceituno

Division II

Robert Apodaca

Division III

Arturo Chacon

Division IV

Leticia Vasquez

Division V

Phillip D. Hawkins

Director at Large

William C. Gedney

Director at Large

John Oskoui

Director at Large

Mark Grajeda

General Manager

Kevin P. Hunt, P.E.

Serving the Cities of

| | |
|------------------|------------------|
| Artesia | La Mirada |
| Bell | Lynwood |
| Bellflower | Maywood |
| Bell Gardens | Montebello |
| Carson | Monterey Park |
| Cerritos | Norwalk |
| Commerce | Paramount |
| Compton | Pico Rivera |
| Cudahy | Santa Fe Springs |
| Downey | Signal Hill |
| Hawaiian Gardens | South Gate |
| Huntington Park | Whittier |
| La Habra Heights | Vernon |
| Lakewood | |

and Unincorporated Areas
of Los Angeles County

Re: Central Basin Municipal Water District, Claimant
Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)

Dear Ms. Halsey:

This is to respond to your letter of November 29, 2017 acknowledging receipt of our test claim and the documents we subsequently submitted to cure the test claim filing as you had requested.

Your most recent letter, however is puzzling. In that letter you request that the District submit evidence that it receives proceeds of taxes and is subject to the tax and spend limitations of article XIII B of the California Constitution. You state that this is necessary to seek reimbursement for costs alleged to be mandated by the state under article XIII B, section 6.

Before commenting on your request, I direct your attention to the attached documentation which clearly shows that the District has been notified that it will be receiving the amount of \$3.3 million consistent with the County of Los Angeles' property tax remittance schedule. This should satisfy your request.

However, in your letter you rely on a 1991 opinion (*County of Fresno v. State of California*, 53 Cal. 3d 482) issued by the California Supreme Court from which you have included a quote. In that case, the County of Fresno filed a test claim for reimbursement for costs incurred in implementing a new state mandated program, choosing not to levy the fees explicitly authorized in the same legislation. The sole issue in that opinion was whether Government Code section 17556(d) was facially constitutional under article XIII B, section 6 of the California Constitution.

The statute in question provides as follows:

17556.

The commission shall not find costs mandated by the state, as defined in Section 17514, in any claim submitted by a local agency or school district, if, after a hearing, the commission finds any one of the following:.....

(d) The local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service. This subdivision applies regardless of whether the authority to levy charges, fees, or assessments was enacted or adopted prior to or after the date on which the statute or executive order was enacted or issued.

In issuing the opinion, the court, comprised of justices no longer serving on the bench, expressly declined to address any issue of the unconstitutionality of the section as applied to a specific situation, leaving the door open for further analysis of that issue.

In the decades since that opinion was issued, not only has there been a complete turnover in the composition of the court but the landscape of local government financing has been changed by the passage of Proposition 218 in November of 1996 and Proposition 26 in November 2010.

AB 1794, unlike the legislation under discussion in the *Fresno* opinion, did not include any provision for the levying of fees. Rather, AB 1794, applicable to only one water district in the state, established a new program by mandating that various actions be taken to increase the size of the governing board of the District. It is the costs associated with undertaking and implementing the precise procedures set forth in the new program established by the legislation that are sought by the test claim; it is clear that without the provisions of AB 1794, the actions would not have been undertaken because there would have not been any authority to select and seat three additional directors on the District's governing board in accordance with this new program which is applicable only to this District.

Nothing within the four corners of the text of article XIII B, section 6 suggests that to be eligible for reimbursement for implementing the legislative mandate the local agency must be receiving property taxes.

Similarly, a review of your agency's website, including the directions for filing a test claim and the test claim form itself, fails to indicate that to be eligible for reimbursement the claimant must be receiving property taxes as a source of funding.

In this specific instance, the issue of finances collected through property tax bills is irrelevant, especially in light of subsequent initiatives which have been passed regarding the financing of public agencies and their services.

The receipt of property taxes does not equate to eligibility under the express provisions of article III B. A public agency which is otherwise funded but provides a service necessary for the health, safety and welfare of the residents within the boundaries of the agency can be just as subject to mandated impositions from the state as an agency that receives property taxes.

Just as fire protection is a peculiarly governmental function, as recognized in *Carmel Valley Fire Protection District v. State of California*, (1987) 190 Cal. App. 3d 521, the delivery of water is also a peculiarly governmental function; it is necessary to be provided for consumption, food preparation, manufacturing, bathing, irrigation and fire prevention. Unlike in *Connell v. Superior Court* (1997) 59 Cal. App. 4th 382 in which the state acted to increase the level of purity required when reclaimed wastewater was to be used for certain types of irrigation, and, therefore, the quality of the water is improved, justifying an increase in rates to be charged, a new program

requiring a change in the composition of the governing board and the method to do so does not mandate increasing rates.

The District, as a water wholesale agency, purchases both potable and recycled water, and sells it to retail agencies. The implementation of AB 1794 did nothing to add a new service to the services of the District or to expand its current services; the legislation increased the overhead of the District by amending the governing board. It is the expansion of the board and the express procedure for selecting the three new members that is the mandated new program, applicable only to this one water district. As such, the District should be reimbursed by way of approval of its SB 90 test claim.

Should you have further questions regarding our claim, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin P. Hunt". The signature is fluid and cursive, with the first name "Kevin" being more prominent.

Kevin P. Hunt, P.E.
General Manager

Fiscal Year 2016-2017

List of Contact Persons

CENTRAL BASIN MUNICIPAL WATER DISTRICT

| <u>Description</u> | <u>Contact Person</u> | <u>Tel. No.</u> |
|--|--|-----------------|
| City's Share of Fines & Forfeitures | Elizabeth Santiago/Accounting Division | (213) 974-7921 |
| Superior Court – C.V.C. Violations & Others | | |
| Aid to Cities | Ellen Luu/Public Works | (626) 458-6590 |
| Deed Transfer Tax | Ann Smith/Registrar-Recorder | (562) 462-2665 |
| Local Transportation | Connie Diep/Accounting Division | (213) 974-8345 |
| Secured Taxes | Huanling Lee/Accounting Division | (213) 974-8346 |
| Unsecured Taxes | Huanling Lee/Accounting Division | (213) 974-8346 |
| Tax Remittances | Wayne Chen/Property Tax Division | (213) 974-6877 |

COUNTY OF LOS ANGELES
OFFICE OF AUDITOR-CONTROLLER
INFORMATION FOR RECONCILIATION OF TAXES
FOR FISCAL YEAR 2016-2017 AT JUNE 30, 2017

SCHEDULE III - SECURED

| | | 16-17 SECURED | |
|--------------------------|-----------------|--------------------------|------------------------|
| | | 16-17 SECURED NET CHARGE | CURRENT TAX RECEIVABLE |
| A/C NO. | DISTRICT'S NAME | 1% | D.S./ASSESSMENT |
| <u>CENTRAL BASIN MWD</u> | | | |
| 350.71 | Standby Charge | \$ - | \$ 3,266,791.95 |
| | | \$ - | \$ 120,731.01 |

COUNTY OF LOS ANGELES
OFFICE OF AUDITOR-CONTROLLER
INFORMATION FOR RECONCILIATION OF TAXES
FOR FISCAL YEAR 2016-2017 AT JUNE 30, 2017

SCHEDULE IV - SECURED

| | | ADJUSTMENT TO PRIOR YEAR LEVIES | | PRIOR TAXES RECEIVABLE | |
|--------------------------|--------------------|---------------------------------|-----------------|------------------------|-----------------|
| A/C NO. | DISTRICT'S NAME | 1% | D.S./ASSESSMENT | 1% | D.S./ASSESSMENT |
| <u>CENTRAL BASIN MWD</u> | | | | | |
| 350.71 | MWD Standby Charge | \$ - | \$ (1,973.78) | \$ - | \$ 141,786.84 |

COUNTY OF LOS ANGELES - AUDITOR/CONTROLLER, TAX DIVISION
 CITY REMITTANCE ADVICE SUMMARY

FY 2017-2018
 DATE OF REMITTANCE: December 20, 2017

| ACCT.# | DESCRIPTION | TYPE | 2017-18 PROPERTY TAX REVENUE | 2017-18 SECURED 40% ADVANCE | 2017-18 DIRECT ASSMT BILLING (TAX) |
|------------------|-----------------------------|------|---------------------------------------|--------------------------------------|---|
| 350.71 | CENTRAL BAS MWD STANDBY CHG | 1% | 0.00 | 0.00 | |
| | | D/S | 1,231,416.50 | 1,308,640.00 | (77,223.50) |
| | | TL | 1,231,416.50 | 1,308,640.00 | (77,223.50) |
| | TOTAL 35071 | 1% | 0.00 | 0.00 | 0.00 |
| | | D/S | 1,231,416.50 | 1,308,640.00 | (77,223.50) |
| | | TL | 1,231,416.50 | 1,308,640.00 | (77,223.50) |
| TOTAL PAID | | | 1,231,416.50 | | |
| PREVIOUS PENDING | | | 0.00 | | |
| NET PAID | | | 1,231,416.50 | | |

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

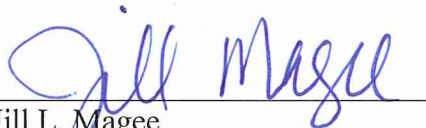
On March 30, 2018, I served the:

- **Notice of Test Claim Filing, Mootness of Appeal of Executive Director's Decision, Schedule for Comments, Request for Evidence of Proceeds of Taxes, and Notice of Tentative Hearing Date issued March 30, 2018**
- **Appeal of Executive Director's Decision filed March 27, 2018**
- **Test Claim filed by the Central Basin Municipal Water District on September 20, 2017**

Central Basin Municipal Water District Governance Reform, 17-TC-02
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant

by making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on March 30, 2018 at Sacramento, California.



Jill L. Magee
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 3/28/18

Claim Number: 17-TC-02

Matter: Central Basin Municipal Water District Governance Reform

Claimant: Central Basin Municipal Water District

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

Socorro Aquino, State Controller's Office

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-7522

SAquino@sco.ca.gov

Harmeet Barkschat, Mandate Resource Services, LLC

5325 Elkhorn Blvd. #307, Sacramento, CA 95842

Phone: (916) 727-1350

harmeet@calsdrc.com

Lacey Baysinger, State Controller's Office

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-0254

lbaysinger@sco.ca.gov

Allan Burdick,

7525 Myrtle Vista Avenue, Sacramento, CA 95831

Phone: (916) 203-3608

allanburdick@gmail.com

J. Bradley Burgess, MGT of America

895 La Sierra Drive, Sacramento, CA 95864

Phone: (916) 595-2646

Bburgess@mgtamer.com

Evelyn Calderon-Yee, Bureau Chief, State Controller's Office

Local Government Programs and Services, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-5919

ECalderonYee@sco.ca.gov

Gwendolyn Carlos, State Controller's Office

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 323-0706
gcarlos@sco.ca.gov

Annette Chinn, *Cost Recovery Systems, Inc.*
705-2 East Bidwell Street, #294, Folsom, CA 95630
Phone: (916) 939-7901
achinnrcs@aol.com

Carolyn Chu, Senior Fiscal and Policy Analyst, *Legal Analyst's Office*
925 L Street, Sacramento, CA 95814
Phone: (916) 319-8326
Carolyn.Chu@lao.ca.gov

Anita Dagan, Manager, Local Reimbursement Section, *State Controller's Office*
Local Government Programs and Services Division, Bureau of Payments, 3301 C Street, Suite 740,
Sacramento, CA 95816
Phone: (916) 324-4112
Adagan@sco.ca.gov

Marieta Delfin, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 322-4320
mdelfin@sco.ca.gov

Donna Ferebee, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
donna.ferebee@dof.ca.gov

Susan Geanacou, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
susan.geanacou@dof.ca.gov

Dillon Gibbons, Legislative Representative, *California Special Districts Association*
1112 I Street Bridge, Suite 200, Sacramento, CA 95814
Phone: (916) 442-7887
dillong@csda.net

Heather Halsey, Executive Director, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
heather.halsey@csm.ca.gov

Chris Hill, Principal Program Budget Analyst, *Department of Finance*
Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Chris.Hill@dof.ca.gov

Justyn Howard, Program Budget Manager, *Department of Finance*
915 L Street, Sacramento, CA 95814
Phone: (916) 445-1546
justyn.howard@dof.ca.gov

Kevin Hunt, General Manager, *Central Basin Municipal Water District*
Claimant Representative
6252 Telegraph Road, Commerce, CA 90040

Phone: (323) 201-5500
kevinh@centralbasin.org

Edward Jewik, *County of Los Angeles*

Auditor-Controller's Office, 500 W. Temple Street, Room 603, Los Angeles, CA 90012
Phone: (213) 974-8564
ejewik@auditor.lacounty.gov

Jill Kanemasu, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 322-9891
jkanemasu@sco.ca.gov

Anita Kerezsi, *AK & Company*

3531 Kersey Lane, Sacramento, CA 95864
Phone: (916) 972-1666
akcompanysb90@gmail.com

Lisa Kurokawa, Bureau Chief for Audits, *State Controller's Office*

Compliance Audits Bureau, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 327-3138
lkurokawa@sco.ca.gov

Jill Magee, Program Analyst, *Commission on State Mandates*

980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
Jill.Magee@csm.ca.gov

Hortensia Mato, *City of Newport Beach*

100 Civic Center Drive, Newport Beach, CA 92660
Phone: (949) 644-3000
hmato@newportbeachca.gov

Michelle Mendoza, *MAXIMUS*

17310 Red Hill Avenue, Suite 340, Irvine, CA 95403
Phone: (949) 440-0845
michellemendoza@maximus.com

Meredith Miller, Director of SB90 Services, *MAXIMUS*

3130 Kilgore Road, Suite 400, Rancho Cordova, CA 95670
Phone: (972) 490-9990
meredithcmiller@maximus.com

Andy Nichols, *Nichols Consulting*

1857 44th Street, Sacramento, CA 95819
Phone: (916) 455-3939
andy@nichols-consulting.com

Arthur Palkowitz, *Artiano Shinoff*

2488 Historic Decatur Road, Suite 200, San Diego, CA 92106
Phone: (619) 232-3122
apalkowitz@as7law.com

Steven Pavlov, Budget Analyst, *Department of Finance*

Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Steven.Pavlov@dof.ca.gov

Jai Prasad, *County of San Bernardino*

Office of Auditor-Controller, 222 West Hospitality Lane, 4th Floor, San Bernardino, CA 92415-0018
Phone: (909) 386-8854
jai.prasad@atc.sbcounty.gov

Mark Rewolinski, *MAXIMUS*
808 Moorefield Park Drive, Suite 205, Richmond, VA 23236
Phone: (949) 440-0845
markrewolinski@maximus.com

Camille Shelton, Chief Legal Counsel, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
camille.shelton@csm.ca.gov

Carla Shelton, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
carla.shelton@csm.ca.gov

Jim Spano, Chief, Mandated Cost Audits Bureau, *State Controller's Office*
Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 323-5849
jspano@sco.ca.gov

Dennis Speciale, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 324-0254
DSpeciale@sco.ca.gov

Joe Stephenshaw, Director, *Senate Budget & Fiscal Review Committee*
California State Senate, State Capitol Room 5019, Sacramento, CA 95814
Phone: (916) 651-4103
Joe.Stephenshaw@sen.ca.gov

Derk Symons, Staff Finance Budget Analyst, *Department of Finance*
Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Derk.Symons@dof.ca.gov

Jolene Tollenaar, *MGT of America*
2251 Harvard Street, Suite 134, Sacramento, CA 95815
Phone: (916) 243-8913
jolenetollenaar@gmail.com

Evelyn Tseng, *City of Newport Beach*
100 Civic Center Drive, Newport Beach, CA 92660
Phone: (949) 644-3127
etseng@newportbeachca.gov

Brian Uhler, Principal Fiscal & Policy Analyst, *Legislative Analyst's Office*
925 L Street, Suite 1000, Sacramento, CA 95814
Phone: (916) 319-8328
Brian.Uhler@LAO.CA.GOV

Renee Wellhouse, *David Wellhouse & Associates, Inc.*
3609 Bradshaw Road, H-382, Sacramento, CA 95927
Phone: (916) 797-4883
dwa-renee@surewest.net

Hasmik Yaghobyan, *County of Los Angeles*

Auditor-Controller's Office, 500 W. Temple Street, Room 603, Los Angeles, CA 90012

Phone: (213) 974-9653

hyaghobyan@auditor.lacounty.gov



Central Basin

Municipal Water District

RECEIVED
March 27, 2018
Commission on
State Mandates

6252 Telegraph Road
Commerce, CA 90040-2512

Phone: 323.201.5500
Fax: 323.201.5550
www.centralbasin.org

Ms. Heather Halsey
Executive Director
Commission on State Mandates
980 9th Street, Suite 300
Sacramento, California 95814

Board of Directors

Division I
VACANT

Division II
Robert Apodaca

Division III
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Division V
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Mark Grajeda

General Manager
Kevin P. Hunt, P.E.

Re: Claim of Central Basin Municipal Water District
Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)

Dear Ms. Halsey:

This is an appeal to the Commission for review of your decisions as executive director in which Commission staff finds the Test Claim to be incomplete.

You indicate that Commission staff has determined that the Central Basin Municipal Water District does not receive the proceeds of taxes, is not subject to the tax and spend limitations of article XIII B of the California Constitution and is therefore ineligible to seek reimbursement for costs alleged to be mandated by the state under article XIII B, section 6.

The explicit language of article XIII B, section 6 does not contain any of the language cited above as the basis for the determination

Article XIII B, section 6 makes no reference to such a threshold requirement.

Similarly, Government Code section 17500 *et. seq.* under Chapter 1459, Statutes of 1984, in implementing the claim and reimbursement process, fails to contain any reference to a requirement that the local agency which has increased expenses as a result of a legislative mandate must be a recipient of property taxes to qualify for reimbursement from the state for the resulting costs.

What Article XIII B, section 6 does say is "(a) Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to

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| Artesia | La Mirada |
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| Cudahy | Santa Fe Springs |
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| Hawaiian Gardens | South Gate |
| Huntington Park | Whittier |
| La Habra Heights | Vernon |
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and Unincorporated Areas
of Los Angeles County

Claim of Central Basin Municipal Water District
Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)

reimburse the local government for costs of the program or increased level of service,..."

There is no doubt that the Central Basin Municipal Water District is a local agency.

There is no doubt that AB 1794 mandated procedures which required the expenditure of resources of the local agency to implement. This included the defense of two lawsuits filed for the specific purpose of challenging the procedures mandated by the state without any assistance in the defense of the lawsuits from the state's attorneys. Documentation regarding these expenditures have been previously provided, and we request that the data be provided to the Commission as part of their review. No one has challenged either the amounts identified, the extent of the procedures required to be taken to comply with the mandate, or the methodology in calculating the claim; as a result, none of that should be subject to question at this point.

Turning now to the legal basis for the claim, in the absence of any explicit qualifying requirement contained in article XIII B, section 6 or in Government Code section 17500 *et. seq.*, we point out that Section 2 of AB 1794 states as follows:

"If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code."

Note that Section 2 of AB 1794 does not contain any language, explicitly or by inclusion by reference, that to be reimbursed, the Central Basin Municipal Water District – the only district affected by the mandate of AB 1794 - must be a recipient of property taxes.

Note also that Section 2 of AB 1794 uses the mandatory term of "shall" rather than the permissive term of "may" in dictating that if costs for implementation were found to flow from the mandate of the legislation, then the district is to be reimbursed.

We are convinced that our view of the process is legally sound, and that the District should be reimbursed for the costs as previously submitted for a number of reasons. First, a specific statute controls over a general statute governing the same subject matter.¹ Further, a later enactment (AB 1794) controls earlier enactments governing the same subject.² These concepts have been relied upon by the California Attorney General as recently as December 2017 in addressing issues regarding legislation.

The Legislature is presumed to be aware of existing laws at the time that a new statute is enacted. The Legislature also clearly knows how to draft legislation which is

¹ Code of Civil Procedure section 1859; *Estate of Kramme* (1978) 20 Cal.3d 567; *Shewry v. Wooten* (2009) 172 Cal.App. 4th 741.

² *Collection Bureau of San Jose v. Ramsey* (2000) 24 Cal.4th 301

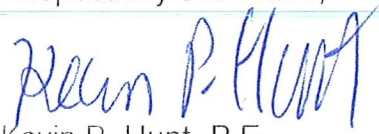
Claim of Central Basin Municipal Water District
Implementation of Assembly Bill 1794
Statutes 2016, Chapter 401 (AB 1794)

contingent on a variety of conditions and preconditions. AB 1794 does not contain any language which would make reimbursement of the costs of Central Basin Municipal Water District – the only local agency subject to this statutory mandate- contingent on that local agency being a recipient of property taxes. In the absence of any such express requirement, Central Basin Municipal Water District should be reimbursed for its expenses as previously submitted to satisfy the express mandate of this most recent legislative enactment.

Please advise us of the time and location of the meeting at which the Commission will consider this appeal.

Should your staff have any questions prior to the meeting, please do not hesitate to contact me.

Respectfully submitted,



Kevin P. Hunt, P.E.
General Manager
Central Basin Municipal Water District

Cc: Alfred E. Smith, Esq.
Lloyd W. Pellman, Esq.

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On March 30, 2018, I served the:

- **Notice of Test Claim Filing, Mootness of Appeal of Executive Director's Decision, Schedule for Comments, Request for Evidence of Proceeds of Taxes, and Notice of Tentative Hearing Date issued March 30, 2018**
- **Appeal of Executive Director's Decision filed March 27, 2018**
- **Test Claim filed by the Central Basin Municipal Water District on September 20, 2017**

Central Basin Municipal Water District Governance Reform, 17-TC-02
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant

by making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on March 30, 2018 at Sacramento, California.



Jill L. Magee
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 3/28/18

Claim Number: 17-TC-02

Matter: Central Basin Municipal Water District Governance Reform

Claimant: Central Basin Municipal Water District

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

Socorro Aquino, State Controller's Office

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-7522

SAquino@sco.ca.gov

Harmeet Barkschat, Mandate Resource Services, LLC

5325 Elkhorn Blvd. #307, Sacramento, CA 95842

Phone: (916) 727-1350

harmeet@calsdrc.com

Lacey Baysinger, State Controller's Office

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-0254

lbaysinger@sco.ca.gov

Allan Burdick,

7525 Myrtle Vista Avenue, Sacramento, CA 95831

Phone: (916) 203-3608

allanburdick@gmail.com

J. Bradley Burgess, MGT of America

895 La Sierra Drive, Sacramento, CA 95864

Phone: (916) 595-2646

Bburgess@mgtamer.com

Evelyn Calderon-Yee, Bureau Chief, State Controller's Office

Local Government Programs and Services, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-5919

ECalderonYee@sco.ca.gov

Gwendolyn Carlos, State Controller's Office

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 323-0706
gcarlos@sco.ca.gov

Annette Chinn, *Cost Recovery Systems, Inc.*
705-2 East Bidwell Street, #294, Folsom, CA 95630
Phone: (916) 939-7901
achinnrcs@aol.com

Carolyn Chu, Senior Fiscal and Policy Analyst, *Legal Analyst's Office*
925 L Street, Sacramento, CA 95814
Phone: (916) 319-8326
Carolyn.Chu@lao.ca.gov

Anita Dagan, Manager, Local Reimbursement Section, *State Controller's Office*
Local Government Programs and Services Division, Bureau of Payments, 3301 C Street, Suite 740,
Sacramento, CA 95816
Phone: (916) 324-4112
Adagan@sco.ca.gov

Marieta Delfin, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 322-4320
mdelfin@sco.ca.gov

Donna Ferebee, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
donna.ferebee@dof.ca.gov

Susan Geanacou, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
susan.geanacou@dof.ca.gov

Dillon Gibbons, Legislative Representative, *California Special Districts Association*
1112 I Street Bridge, Suite 200, Sacramento, CA 95814
Phone: (916) 442-7887
dillong@csda.net

Heather Halsey, Executive Director, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
heather.halsey@csm.ca.gov

Chris Hill, Principal Program Budget Analyst, *Department of Finance*
Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Chris.Hill@dof.ca.gov

Justyn Howard, Program Budget Manager, *Department of Finance*
915 L Street, Sacramento, CA 95814
Phone: (916) 445-1546
justyn.howard@dof.ca.gov

Kevin Hunt, General Manager, *Central Basin Municipal Water District*
Claimant Representative
6252 Telegraph Road, Commerce, CA 90040

Phone: (323) 201-5500
kevinh@centralbasin.org

Edward Jewik, *County of Los Angeles*

Auditor-Controller's Office, 500 W. Temple Street, Room 603, Los Angeles, CA 90012
Phone: (213) 974-8564
ejewik@auditor.lacounty.gov

Jill Kanemasu, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 322-9891
jkanemasu@sco.ca.gov

Anita Kerezsi, *AK & Company*

3531 Kersey Lane, Sacramento, CA 95864
Phone: (916) 972-1666
akcompanysb90@gmail.com

Lisa Kurokawa, Bureau Chief for Audits, *State Controller's Office*

Compliance Audits Bureau, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 327-3138
lkurokawa@sco.ca.gov

Jill Magee, Program Analyst, *Commission on State Mandates*

980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
Jill.Magee@csm.ca.gov

Hortensia Mato, *City of Newport Beach*

100 Civic Center Drive, Newport Beach, CA 92660
Phone: (949) 644-3000
hmato@newportbeachca.gov

Michelle Mendoza, *MAXIMUS*

17310 Red Hill Avenue, Suite 340, Irvine, CA 95403
Phone: (949) 440-0845
michellemendoza@maximus.com

Meredith Miller, Director of SB90 Services, *MAXIMUS*

3130 Kilgore Road, Suite 400, Rancho Cordova, CA 95670
Phone: (972) 490-9990
meredithcmiller@maximus.com

Andy Nichols, *Nichols Consulting*

1857 44th Street, Sacramento, CA 95819
Phone: (916) 455-3939
andy@nichols-consulting.com

Arthur Palkowitz, *Artiano Shinoff*

2488 Historic Decatur Road, Suite 200, San Diego, CA 92106
Phone: (619) 232-3122
apalkowitz@as7law.com

Steven Pavlov, Budget Analyst, *Department of Finance*

Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Steven.Pavlov@dof.ca.gov

Jai Prasad, *County of San Bernardino*

Office of Auditor-Controller, 222 West Hospitality Lane, 4th Floor, San Bernardino, CA 92415-0018
Phone: (909) 386-8854
jai.prasad@atc.sbcounty.gov

Mark Rewolinski, *MAXIMUS*
808 Moorefield Park Drive, Suite 205, Richmond, VA 23236
Phone: (949) 440-0845
markrewolinski@maximus.com

Camille Shelton, Chief Legal Counsel, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
camille.shelton@csm.ca.gov

Carla Shelton, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
carla.shelton@csm.ca.gov

Jim Spano, Chief, Mandated Cost Audits Bureau, *State Controller's Office*
Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 323-5849
jspano@sco.ca.gov

Dennis Speciale, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 324-0254
DSpeciale@sco.ca.gov

Joe Stephenshaw, Director, *Senate Budget & Fiscal Review Committee*
California State Senate, State Capitol Room 5019, Sacramento, CA 95814
Phone: (916) 651-4103
Joe.Stephenshaw@sen.ca.gov

Derk Symons, Staff Finance Budget Analyst, *Department of Finance*
Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Derk.Symons@dof.ca.gov

Jolene Tollenaar, *MGT of America*
2251 Harvard Street, Suite 134, Sacramento, CA 95815
Phone: (916) 243-8913
jolenetollenaar@gmail.com

Evelyn Tseng, *City of Newport Beach*
100 Civic Center Drive, Newport Beach, CA 92660
Phone: (949) 644-3127
etseng@newportbeachca.gov

Brian Uhler, Principal Fiscal & Policy Analyst, *Legislative Analyst's Office*
925 L Street, Suite 1000, Sacramento, CA 95814
Phone: (916) 319-8328
Brian.Uhler@LAO.CA.GOV

Renee Wellhouse, *David Wellhouse & Associates, Inc.*
3609 Bradshaw Road, H-382, Sacramento, CA 95927
Phone: (916) 797-4883
dwa-renee@surewest.net

Hasmik Yaghobyan, *County of Los Angeles*

Auditor-Controller's Office, 500 W. Temple Street, Room 603, Los Angeles, CA 90012

Phone: (213) 974-9653

hyaghobyan@auditor.lacounty.gov



March 30, 2018

Mr. Kevin Hunt
Central Basin Municipal Water District
6252 Telegraph Road
Commerce, CA 90040

Mr. Justyn Howard
Department of Finance
915 L Street
Sacramento, CA 95814

And Parties, Interested Parties, and Interested Persons (See Mailing List)

RE: Notice of Test Claim Filing, Mootness of Appeal of Executive Director's Decision, Schedule for Comments, Request for Evidence of Proceeds of Taxes, and Notice of Tentative Hearing Date

Central Basin Municipal Water District Governance Reform, 17-TC-02
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant

Dear Mr. Hunt and Mr. Howard:

On September 20, 2017, the Central Basin Municipal Water District filed a Test Claim on the above-captioned matter. Upon review, the Commission on State Mandates (Commission) staff found that the Test Claim was incomplete and on October 6, 2017, notified the claimant of the problems with the filing.

On November 6, 2017, the claimant submitted documents intended to cure the Test Claim. Upon initial legal review,¹ Commission staff was unable to determine if the Central Basin Municipal Water District is eligible to file a test claim with the Commission and on November 29, 2017, notified the claimant of the problems with the filing. Specifically, the claimant does not appear to be an eligible claimant since it is not subject to the tax and spend limitations of article XIII of the California Constitution, it does not collect or receive property tax, and there is no evidence that it collects or receives any other kind of taxes or has adopted an appropriations limit as is required by law for local governments subject to the spending limit.

On December 21, 2017, the claimant filed additional documents intended to cure the Test Claim. Upon additional legal review, Commission staff found that the additional documents only show that fees (but not taxes) are collected on the property tax bill on the claimant's behalf and that this Test Claim remains incomplete. Specifically, staff has determined that the Central Basin Municipal Water District does not receive the proceeds of taxes, is not subject to the tax and spend limitations of article XIII B of the California Constitution, and is therefore ineligible to seek reimbursement for costs alleged to be mandated by the state under article XIII B, section 6.

Mootness of Appeal of Executive Director's Decision

On March 27, 2018, the claimant filed an Appeal of the Executive Director's Decision. Because the same issue, with regard to eligibility, is currently pending before the Third District Court of Appeal in *Paradise Irrigation District, et al. v. Commission on State Mandates, Department of Finance, and Department of Water Resources*, Case No. C081929, arising out of a prior

¹ A completeness review of a test claim is not intended as a legal review, and in fact, generally does not go through legal review at all. In this case, a legal opinion was sought during the review of the filing to cure the Test Claim solely on the issue of eligibility.

Commission Decision that was upheld by the trial court (Sacramento County Superior Court, Case No. 34-2015-80002016, *Water Conservation*, 10-TC-12/12-TC-01, adopted December 5, 2014), Commission staff will accept this incomplete filing to present to the Commission for hearing and decision. Therefore, the Test Claim retains the original filing date of September 20, 2017, in accordance with section 1183.1(e) of the Commission's regulations (California Code of Regulations, Title 2).

The eligibility of the Central Basin Municipal Water District to file a Test Claim will be addressed in the analysis of this Test Claim. Since this issue will be decided by the Commission, the Appeal of the Executive Director's Decision is moot. Therefore, the Appeal will not be heard, as all parties, interested parties, and interested persons will have the opportunity to comment both on the Test Claim and the Draft Proposed Decision, and to provide testimony at the hearing.

The Commission is now requesting parties, interested parties, and interested persons to comment on the Test Claim as specified below.

Review of Test Claim

Parties, interested parties, and interested persons receiving this letter are requested to analyze the merits of the Test Claim and to file written comments on or before **April 30, 2018** in accordance with sections 1183.2 and 1181.3 of the Commission's regulations. Oral or written representations of fact offered by any person shall be under oath or affirmation and signed under penalty of perjury by persons who are authorized and competent to do so and must be based on the declarant's personal knowledge, information, or belief. (Cal. Code. Regs., tit. 2 §§ 1183.2 and 1187.5.) If new representations of fact are made, they must be supported with documentary evidence filed with the comments on the Test Claim. (Cal. Code. Regs., tit. 2 §§ 1183.2 and 1187.5.) The Commission's ultimate findings of fact must be supported by substantial evidence in the record.² Requests for extensions of time to file comments may be filed in accordance with section 1187.9 of the Commission's regulations.

The Sacramento County Superior Court in *Paradise Irrigation District, et al. v. Commission on State Mandates, Department of Finance, and Department of Water Resources*, Third District Court of Appeal, Case No. C081929, Sacramento County Superior Court, Case No. 34-2015-80002016, *Water Conservation* (10-TC-12/12-TC-01, adopted December 5, 2014), found that the Commission properly interpreted the Supreme Court's decision in *County of Fresno v. State* (1991) 53 Cal.3d 482; specifically, that article XIII B, section 6 was designed to protect the tax revenues of local governments, and not the expenses that are recoverable from sources other than taxes.

In 1979, the voters adopted Proposition 4, which added article XIII B to the California Constitution. Proposition 4, among other things, establishes an appropriations limit each fiscal year for each entity of government, which cannot be exceeded (known as the "Gann Limit"). (Cal. Const., art. XIII B, § 1; *Santa Barbara County Taxpayers Assn. v. Bd. of Supervisors*

² Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5 of the Code of Civil Procedure to set aside a decision of the Commission on the ground that the Commission's decision is not supported by substantial evidence in the record.

(1989) 209 Cal.App.3d 940, 944.) The measure was intended to be a “permanent protection for taxpayers from excessive taxation” and “a reasonable way to provide discipline in tax spending at state and local levels.” (*County of Placer v. Corin* (1980) 113 Cal.App.3d 443, 446.)

In order to ensure that local agencies do not exceed their Gann Limit as a result of State-mandated activities, the voters in Proposition 4 also imposed the subvention requirement for state-mandated new programs or higher levels of service that impose costs mandated by the state. (*Cal. School Boards Assn.*, supra, 19 Cal.App.5th at p. 571.) The purpose of the subvention requirement is to “prevent ‘the state from shifting financial responsibility for carrying out governmental functions to local agencies, which are ‘ill equipped’ to assume increased financial responsibilities because of the taxing and spending limitations that articles XIII A and XIII B impose.’” (*Cal. School Boards Assn.* (2018) 19 Cal.App.5th at p. 571 [citing *County of San Diego v. State of Cal.* (1997) 15 Cal.4th 68, 81].)

Please include in your comments on the Test Claim, a discussion of whether or how the district’s Gann-limited local proceeds of taxes are implicated in funding the alleged state mandate in this case. In addition, please note that there is litigation currently pending in the Third District Court of Appeal on the issue of eligibility of special districts which lack taxing authority and do not collect (or have collected on their behalf) proceeds of taxes and have not adopted a Gann Limit to bring a claim before the Commission or file mandate reimbursement claims with the State Controller.

Claimant’s Rebuttal

Written rebuttals to written comments concerning this Test Claim may be filed and served in accordance with section 1181.3 of the Commission’s regulations within 30 days of service of the written comments. (Cal. Code. Regs., tit. 2 § 1183.3.) Oral or written representations of fact offered by any person shall be under oath or affirmation and signed under penalty of perjury by persons who are authorized and competent to do so and must be based on the declarant’s personal knowledge, information or belief. (Cal. Code. Regs., tit. 2 §§ 1183.3 and 1187.5.) If new representations of fact are made, they must be supported with documentary evidence filed with the rebuttal. (Cal. Code. Regs., tit. 2 §§ 1183.3 and 1187.5.) The Commission’s ultimate findings of fact must be supported by substantial evidence in the record.³

Please include in your rebuttal, a discussion of whether or how the district’s *Gann-limited* local proceeds of taxes are implicated in funding the alleged state mandate in this case.

Request for Evidence of Proceeds of Taxes

Please provide evidence of *any* proceeds of taxes collected or collected on behalf of the Central Basin Municipal Water District. The evidence of standby charges⁴ already submitted and included in the Test Claim does not satisfy this requirement because standby charges are fees subject to the provisions of article XIII D, section 6, not assessments subject to the requirements of article XIII D, section 4 and certainly not taxes subject to the Gann Limit and subvention

³ Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5 of the Code of Civil Procedure to set aside a decision of the Commission on the ground that the Commission’s decision is not supported by substantial evidence in the record.

⁴ Test Claim, pages 286-292 (Response to the Request for Evidence).

requirement of articles XIII A and XIII B of the California Constitution. (See generally *Paland v. Brooktrails Township Community Services District* (2009) 98 Cal.Rptr.3d 66, review denied 218 P.3d 261.) Please also provide evidence of the district's annual appropriations limit. (See California Constitution, Article XIII B and Government Code Sections 7900-7914 for legal requirements with regard to appropriations limits.)

Process for Filing Comments

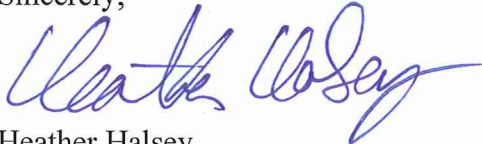
The Commission has prepared a mailing list of parties, interested parties, and interested persons for this Test Claim. The mailing list will be uploaded to the Commission's website and an e-mail notification of its availability will be sent to everyone on the list who has provided an e-mail address. A hard copy will be provided to persons who have not provided an e-mail address and to any person who requests a hard copy. (Cal. Code. Regs., tit. 2 § 1181.4.)

You are advised that if written materials are filed in hard copy, the filing must simultaneously be served on everyone on the mailing list, and be accompanied by a proof of service. However, this requirement may also be satisfied by electronically filing your documents on the Commission's website. For instructions on electronic filing, please see the Commission's website at http://www.csm.ca.gov/dropbox_procedures.php. The comments will be posted on the Commission's website and the mailing list will be notified by electronic mail of the posting and the comment period. This procedure will satisfy all the service requirements under California Code of Regulations, title 2, section 1181.3.

Tentative Hearing Date

This Test Claim is tentatively set for hearing on **September 28, 2018**.

Sincerely,



Heather Halsey
Executive Director

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

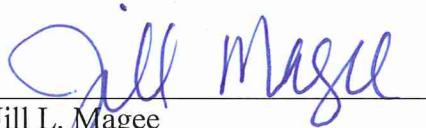
On March 30, 2018, I served the:

- **Notice of Test Claim Filing, Mootness of Appeal of Executive Director's Decision, Schedule for Comments, Request for Evidence of Proceeds of Taxes, and Notice of Tentative Hearing Date issued March 30, 2018**
- **Appeal of Executive Director's Decision filed March 27, 2018**
- **Test Claim filed by the Central Basin Municipal Water District on September 20, 2017**

Central Basin Municipal Water District Governance Reform, 17-TC-02
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant

by making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on March 30, 2018 at Sacramento, California.



Jill L. Magee
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 3/28/18

Claim Number: 17-TC-02

Matter: Central Basin Municipal Water District Governance Reform

Claimant: Central Basin Municipal Water District

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

Socorro Aquino, State Controller's Office

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-7522

SAquino@sco.ca.gov

Harmeet Barkschat, Mandate Resource Services, LLC

5325 Elkhorn Blvd. #307, Sacramento, CA 95842

Phone: (916) 727-1350

harmeet@calsdrc.com

Lacey Baysinger, State Controller's Office

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-0254

lbaysinger@sco.ca.gov

Allan Burdick,

7525 Myrtle Vista Avenue, Sacramento, CA 95831

Phone: (916) 203-3608

allanburdick@gmail.com

J. Bradley Burgess, MGT of America

895 La Sierra Drive, Sacramento, CA 95864

Phone: (916) 595-2646

Bburgess@mgtamer.com

Evelyn Calderon-Yee, Bureau Chief, State Controller's Office

Local Government Programs and Services, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-5919

ECalderonYee@sco.ca.gov

Gwendolyn Carlos, State Controller's Office

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 323-0706
gcarlos@sco.ca.gov

Annette Chinn, *Cost Recovery Systems, Inc.*
705-2 East Bidwell Street, #294, Folsom, CA 95630
Phone: (916) 939-7901
achinnrcs@aol.com

Carolyn Chu, Senior Fiscal and Policy Analyst, *Legal Analyst's Office*
925 L Street, Sacramento, CA 95814
Phone: (916) 319-8326
Carolyn.Chu@lao.ca.gov

Anita Dagan, Manager, Local Reimbursement Section, *State Controller's Office*
Local Government Programs and Services Division, Bureau of Payments, 3301 C Street, Suite 740,
Sacramento, CA 95816
Phone: (916) 324-4112
Adagan@sco.ca.gov

Marieta Delfin, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 322-4320
mdelfin@sco.ca.gov

Donna Ferebee, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
donna.ferebee@dof.ca.gov

Susan Geanacou, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
susan.geanacou@dof.ca.gov

Dillon Gibbons, Legislative Representative, *California Special Districts Association*
1112 I Street Bridge, Suite 200, Sacramento, CA 95814
Phone: (916) 442-7887
dillong@csda.net

Heather Halsey, Executive Director, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
heather.halsey@csm.ca.gov

Chris Hill, Principal Program Budget Analyst, *Department of Finance*
Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Chris.Hill@dof.ca.gov

Justyn Howard, Program Budget Manager, *Department of Finance*
915 L Street, Sacramento, CA 95814
Phone: (916) 445-1546
justyn.howard@dof.ca.gov

Kevin Hunt, General Manager, *Central Basin Municipal Water District*
Claimant Representative
6252 Telegraph Road, Commerce, CA 90040

Phone: (323) 201-5500
kevinh@centralbasin.org

Edward Jewik, *County of Los Angeles*

Auditor-Controller's Office, 500 W. Temple Street, Room 603, Los Angeles, CA 90012
Phone: (213) 974-8564
ejewik@auditor.lacounty.gov

Jill Kanemasu, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 322-9891
jkanemasu@sco.ca.gov

Anita Kerezsi, *AK & Company*

3531 Kersey Lane, Sacramento, CA 95864
Phone: (916) 972-1666
akcompanysb90@gmail.com

Lisa Kurokawa, Bureau Chief for Audits, *State Controller's Office*

Compliance Audits Bureau, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 327-3138
lkurokawa@sco.ca.gov

Jill Magee, Program Analyst, *Commission on State Mandates*

980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
Jill.Magee@csm.ca.gov

Hortensia Mato, *City of Newport Beach*

100 Civic Center Drive, Newport Beach, CA 92660
Phone: (949) 644-3000
hmato@newportbeachca.gov

Michelle Mendoza, *MAXIMUS*

17310 Red Hill Avenue, Suite 340, Irvine, CA 95403
Phone: (949) 440-0845
michellemendoza@maximus.com

Meredith Miller, Director of SB90 Services, *MAXIMUS*

3130 Kilgore Road, Suite 400, Rancho Cordova, CA 95670
Phone: (972) 490-9990
meredithcmiller@maximus.com

Andy Nichols, *Nichols Consulting*

1857 44th Street, Sacramento, CA 95819
Phone: (916) 455-3939
andy@nichols-consulting.com

Arthur Palkowitz, *Artiano Shinoff*

2488 Historic Decatur Road, Suite 200, San Diego, CA 92106
Phone: (619) 232-3122
apalkowitz@as7law.com

Steven Pavlov, Budget Analyst, *Department of Finance*

Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Steven.Pavlov@dof.ca.gov

Jai Prasad, *County of San Bernardino*

Office of Auditor-Controller, 222 West Hospitality Lane, 4th Floor, San Bernardino, CA 92415-0018
Phone: (909) 386-8854
jai.prasad@atc.sbcounty.gov

Mark Rewolinski, *MAXIMUS*
808 Moorefield Park Drive, Suite 205, Richmond, VA 23236
Phone: (949) 440-0845
markrewolinski@maximus.com

Camille Shelton, Chief Legal Counsel, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
camille.shelton@csm.ca.gov

Carla Shelton, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
carla.shelton@csm.ca.gov

Jim Spano, Chief, Mandated Cost Audits Bureau, *State Controller's Office*
Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 323-5849
jspano@sco.ca.gov

Dennis Speciale, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 324-0254
DSpeciale@sco.ca.gov

Joe Stephenshaw, Director, *Senate Budget & Fiscal Review Committee*
California State Senate, State Capitol Room 5019, Sacramento, CA 95814
Phone: (916) 651-4103
Joe.Stephenshaw@sen.ca.gov

Derk Symons, Staff Finance Budget Analyst, *Department of Finance*
Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Derk.Symons@dof.ca.gov

Jolene Tollenaar, *MGT of America*
2251 Harvard Street, Suite 134, Sacramento, CA 95815
Phone: (916) 243-8913
jolenetollenaar@gmail.com

Evelyn Tseng, *City of Newport Beach*
100 Civic Center Drive, Newport Beach, CA 92660
Phone: (949) 644-3127
etseng@newportbeachca.gov

Brian Uhler, Principal Fiscal & Policy Analyst, *Legislative Analyst's Office*
925 L Street, Suite 1000, Sacramento, CA 95814
Phone: (916) 319-8328
Brian.Uhler@LAO.CA.GOV

Renee Wellhouse, *David Wellhouse & Associates, Inc.*
3609 Bradshaw Road, H-382, Sacramento, CA 95927
Phone: (916) 797-4883
dwa-renee@surewest.net

Hasmik Yaghobyan, *County of Los Angeles*

Auditor-Controller's Office, 500 W. Temple Street, Room 603, Los Angeles, CA 90012

Phone: (213) 974-9653

hyaghobyan@auditor.lacounty.gov

Exhibit D

April 30, 2018

Ms. Heather Halsey
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Response to Test Claim 17-TC-02, Central Basin Municipal Water District

Dear Ms. Halsey:

The Department of Finance has reviewed the test claim submitted to the Commission on State Mandates (Commission) by the Central Basin Municipal Water District (District) that alleges reimbursable, state-mandated costs associated with Chapter 401, Statutes of 2016 (AB 1794). The district appears to be formed via a discretionary petition process, an initial basis for deeming the claimant ineligible for mandate reimbursement.

The District was audited by the California State Auditor (Auditor) in 2015. In its audit report, the Auditor said of the District's board of directors that "the board's poor leadership and decision making significantly impeded the district's ability to effectively and efficiently perform its necessary functions..." The Auditor also stated "...the Legislature should pass special legislation to preserve the district as an independent entity but modify the district's governance structure."

Policymakers enacted AB 1794 in response to the audit report. AB 1794 expanded the District's board of directors from five to eight members on January 1, 2017, with the three new members appointed by the water purveyors served by the District. The board of directors will be reduced to seven members on November 8, 2022, when one of the five elected positions is eliminated.

The District asserts it incurred \$217,948.07 in reimbursable costs to implement AB 1794. The costs fall into the following general categories:

- Expanding the board room dais to accommodate three additional board members.
- Project management to oversee building improvements.
- Executive leadership to conduct the appointment of three additional board members.
- Legal support related to implementing AB 1794.
- Convening meetings with water purveyors related to appointment of the three additional board members.
- District staff time and expenses related to conducting appointment of the three additional board members.
- Travel, administrative, and office expenses related to three additional board members.

Before reviewing the test claim in detail, we note the District is ineligible to file a test claim. The Commission should therefore deny the test claim.

State Controller's Office reports, Los Angeles County Auditor-Controller reports, and the District's own budget all show the District receives no tax revenue. The District's budget is financed entirely by water service fees and various other non-tax revenues. There is no evidence the district received or used proceeds of taxes to pay for the alleged mandated activities.

The State Constitution requires the state to reimburse certain costs it imposes on local agencies because Article XIII B, section 6, limits the ability of local agencies to increase taxes and to expend tax proceeds. Local agencies that are funded entirely by fees and other non-tax revenue are ineligible to be reimbursed for state-mandated costs. There is no evidence the district is subject to the taxing and spending limitations of Article XIII B, section 6.

Furthermore, even if the District were an eligible claimant, the activities it allegedly performed pursuant to AB 1794 do not qualify for reimbursement.

For the costs associated with a statute to be state-reimbursable, the statute must either create a new program unique to government in which local agencies are compelled to participate, or must require local agencies to provide a higher level of service via a new or an existing program (*San Diego Unified School District v. Commission on State Mandates* (2004) 33 Cal. 4th 859, 878). In *City of Richmond v. Commission on State Mandates* (1998) 64 Cal. App. 4th 1190, the court stated that "(a) higher cost to the local government for compensating its employees is not the same as a higher cost of providing services *to the public* (emphasis added)." This supports the contention that, to be state-reimbursable, the higher level of service in question must be associated with a service provided to the public.

By the District's own acknowledgement, the activities it claims to have performed in relation to AB 1794 are not a state-reimbursable program. On page 11 of the written narrative that accompanies the test claim, the District states in paragraph (F) that "(i)mplementation of the statute does not increase water quality or water supply, *nor does the statute provide for a new or enhanced level of service for which customers may be charged* (emphasis added)."

We agree with the District that AB 1794 does not require it to provide a higher level of service to the public (in this case, the customers) via a new or an existing program.

Expanding on the above point, increasing the board of directors' membership does not represent a new program. The board of directors is an existing entity to which AB 1794 added three members. Nor, as the District acknowledges, does adding three new members represent the provision of a higher level of service to the public via a new or an existing program.

We also note the activities the District allegedly performed are not required by a plain reading of the statute. AB 1794 adds three members to the board of directors, establishes eligibility criteria for the new members, states who shall appoint the new members, and specifies the reimbursement, compensation, and benefits for which the new members are eligible. However, the District allegedly undertook a host of activities that are clearly not required by AB 1794, and for which it now seeks reimbursement. These include, but are not limited to:

- \$25,363 to expand the board room dais to accommodate three new members.
- \$3,100 to upgrade and restripe the parking lot to add three new parking spaces.
- \$3,785 to "refinish entire Board Room Dais to accommodate continuity and functionality."

- \$6,760.50 for audio visual updates and structural improvements, including adding marble to the board member dais and installing braces to keep the dais from sagging.
- \$1,623.23 for "lunch meetings between the District and water purveyors regarding the implementation of AB 1794 and the process...for...nominations...of additional board members."
- \$1,175.00 for "director's registration and dues."
- \$750.05 for "director's housing and accommodations."
- \$211.68 to photograph and create picture prints of the new board members.
- \$411.53 to provide meals at the installation ceremony for the new board members.
- \$73.76 for director's meals.
- \$26,344.08 for the District General Manager to plan, direct, coordinate, and monitor the implementation of AB 1794.
- \$32,835 for "legal support to assist the staff in facilitating and conducting the election." However, AB 1794 only requires the District General Manager to provide water purveyors with a 60-day period to submit nominations for the three new board members (Water Code section 71267 (a)), and to collect the water purveyors' votes and report the results (Water Code section 71267 (c) (3)).
- \$101,688.50 for the District to defend against two legal challenges that sought to prevent the implementation of AB 1794. The statute imposes no affirmative duty on the District to perform these tasks.

In summary, the District is not an eligible test claimant, and the Commission should reject the test claim on that basis alone. Furthermore, AB 1794 does not require the District to provide a new program or a higher level of service to the public. Finally, the costs the District allegedly incurred are for activities not required by a plain reading of the statute.

Sincerely,



ERIKA LI
Program Budget Manager

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On April 27, 2018, I served the:

- **Department of Finance's (Finance's) Comments on the Test Claim filed April 27, 2018**

Central Basin Municipal Water District Governance Reform, 17-TC-02
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on April 27, 2018 at Sacramento, California.



Lorenzo Duran
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 4/13/18

Claim Number: 17-TC-02

Matter: Central Basin Municipal Water District Governance Reform

Claimant: Central Basin Municipal Water District

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

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Socorro Aquino, State Controller's Office

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-7522

SAquino@sco.ca.gov

Harmeet Barkschat, Mandate Resource Services, LLC

5325 Elkhorn Blvd. #307, Sacramento, CA 95842

Phone: (916) 727-1350

harmeet@calsdrc.com

Lacey Baysinger, State Controller's Office

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-0254

lbaysinger@sco.ca.gov

Allan Burdick,

7525 Myrtle Vista Avenue, Sacramento, CA 95831

Phone: (916) 203-3608

allanburdick@gmail.com

J. Bradley Burgess, MGT of America

895 La Sierra Drive, Sacramento, CA 95864

Phone: (916) 595-2646

Bburgess@mgtamer.com

Evelyn Calderon-Yee, Bureau Chief, State Controller's Office

Local Government Programs and Services, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-5919

ECalderonYee@sco.ca.gov

Gwendolyn Carlos, State Controller's Office

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 323-0706
gcarlos@sco.ca.gov

Annette Chinn, *Cost Recovery Systems, Inc.*
705-2 East Bidwell Street, #294, Folsom, CA 95630
Phone: (916) 939-7901
achinnrcs@aol.com

Carolyn Chu, Senior Fiscal and Policy Analyst, *Legal Analyst's Office*
925 L Street, Sacramento, CA 95814
Phone: (916) 319-8326
Carolyn.Chu@lao.ca.gov

Anita Dagan, Manager, Local Reimbursement Section, *State Controller's Office*
Local Government Programs and Services Division, Bureau of Payments, 3301 C Street, Suite 740,
Sacramento, CA 95816
Phone: (916) 324-4112
Adagan@sco.ca.gov

Marieta Delfin, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 322-4320
mdelfin@sco.ca.gov

Donna Ferebee, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
donna.ferebee@dof.ca.gov

Susan Geanacou, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
susan.geanacou@dof.ca.gov

Dillon Gibbons, Legislative Representative, *California Special Districts Association*
1112 I Street Bridge, Suite 200, Sacramento, CA 95814
Phone: (916) 442-7887
dillong@csda.net

Heather Halsey, Executive Director, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
heather.halsey@csm.ca.gov

Chris Hill, Principal Program Budget Analyst, *Department of Finance*
Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Chris.Hill@dof.ca.gov

Justyn Howard, Program Budget Manager, *Department of Finance*
915 L Street, Sacramento, CA 95814
Phone: (916) 445-1546
justyn.howard@dof.ca.gov

Kevin Hunt, General Manager, *Central Basin Municipal Water District*
Claimant Representative
6252 Telegraph Road, Commerce, CA 90040

Phone: (323) 201-5500
kevinh@centralbasin.org

Edward Jewik, *County of Los Angeles*
Auditor-Controller's Office, 500 W. Temple Street, Room 603, Los Angeles, CA 90012
Phone: (213) 974-8564
ejewik@auditor.lacounty.gov

Jill Kanemasu, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 322-9891
jkanemasu@sco.ca.gov

Anita Kerezsi, *AK & Company*
3531 Kersey Lane, Sacramento, CA 95864
Phone: (916) 972-1666
akcompanysb90@gmail.com

Lisa Kurokawa, Bureau Chief for Audits, *State Controller's Office*
Compliance Audits Bureau, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 327-3138
lkurokawa@sco.ca.gov

Jill Magee, Program Analyst, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
Jill.Magee@csm.ca.gov

Hortensia Mato, *City of Newport Beach*
100 Civic Center Drive, Newport Beach, CA 92660
Phone: (949) 644-3000
hmato@newportbeachca.gov

Michelle Mendoza, *MAXIMUS*
17310 Red Hill Avenue, Suite 340, Irvine, CA 95403
Phone: (949) 440-0845
michellemendoza@maximus.com

Meredith Miller, Director of SB90 Services, *MAXIMUS*
3130 Kilgore Road, Suite 400, Rancho Cordova, CA 95670
Phone: (972) 490-9990
meredithcmiller@maximus.com

Lourdes Morales, Senior Fiscal and Policy Analyst, *Legal Analyst's Office*
925 L Street, Sacramento, CA 95814
Phone: (916) 319-8320
Lourdes.Morales@LAO.CA.GOV

Andy Nichols, *Nichols Consulting*
1857 44th Street, Sacramento, CA 95819
Phone: (916) 455-3939
andy@nichols-consulting.com

Arthur Palkowitz, *Artiano Shinoff*
2488 Historic Decatur Road, Suite 200, San Diego, CA 92106
Phone: (619) 232-3122
apalkowitz@as7law.com

Steven Pavlov, Budget Analyst, *Department of Finance*

Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Steven.Pavlov@dof.ca.gov

Jai Prasad, *County of San Bernardino*
Office of Auditor-Controller, 222 West Hospitality Lane, 4th Floor, San Bernardino, CA 92415-0018
Phone: (909) 386-8854
jai.prasad@atc.sbcounty.gov

Mark Rewolinski, *MAXIMUS*
808 Moorefield Park Drive, Suite 205, Richmond, VA 23236
Phone: (949) 440-0845
markrewolinski@maximus.com

Camille Shelton, Chief Legal Counsel, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
camille.shelton@csm.ca.gov

Carla Shelton, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
carla.shelton@csm.ca.gov

Jim Spano, Chief, Mandated Cost Audits Bureau, *State Controller's Office*
Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 323-5849
jspano@sco.ca.gov

Dennis Speciale, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 324-0254
DSpeciale@sco.ca.gov

Joe Stephenshaw, Director, *Senate Budget & Fiscal Review Committee*
California State Senate, State Capitol Room 5019, Sacramento, CA 95814
Phone: (916) 651-4103
Joe.Stephenshaw@sen.ca.gov

Derk Symons, Staff Finance Budget Analyst, *Department of Finance*
Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Derk.Symons@dof.ca.gov

Jolene Tollenaar, *MGT of America*
2251 Harvard Street, Suite 134, Sacramento, CA 95815
Phone: (916) 243-8913
jolenetollenaar@gmail.com

Evelyn Tseng, *City of Newport Beach*
100 Civic Center Drive, Newport Beach, CA 92660
Phone: (949) 644-3127
etseng@newportbeachca.gov

Brian Uhler, Principal Fiscal & Policy Analyst, *Legislative Analyst's Office*
925 L Street, Suite 1000, Sacramento, CA 95814
Phone: (916) 319-8328
Brian.Uhler@LAO.CA.GOV

Renee Wellhouse, *David Wellhouse & Associates, Inc.*

3609 Bradshaw Road, H-382, Sacramento, CA 95927

Phone: (916) 797-4883

dwa-renee@surewest.net

Hasmik Yaghobyan, *County of Los Angeles*

Auditor-Controller's Office, 500 W. Temple Street, Room 603, Los Angeles, CA 90012

Phone: (213) 974-9653

hyaghobyan@auditor.lacounty.gov

Exhibit E

April 18, 2018

Heather Halsey
Executive Director
Commission on State Mandates
980 9th Street
Sacramento, CA 95814

Re: Written Comments Regarding Review of Test Claim Filing

Central Basin Municipal Water District Governance Reform, 17-TC-02
Central Basin Municipal Water District, Claimant.

Dear Executive Director Halsey:

The California Special Districts Association (CSDA), hereby submit these comments as an interested party reviewing the merits of the Test Claim of Central Basin Municipal Water District pursuant to sections 1183.2 and 1181.3 of the Commission's regulations. CSDA represents over 1,000 special districts and affiliate organizations throughout the state, including all types of independent special districts, which provide millions of Californians with essential local services such as fire protection, water, resource conservation, and parks and recreation

CSDA filed an amicus brief in *Paradise Irrigation District, et al. v. Commission on State Mandates, Department of Finance, and Department of Water Resources* [Case No. C081929], following its original amicus filing to the Sacramento County Superior Court, Case No. 34-2015-80002016. In both matters, and in the present Central Basin Municipal Water Districts test claim (17-TC-02), CSDA urges the courts and Commission on State Mandates (CSM) to reject the exclusion of such entities from state-mandated reimbursement, as the clear language and intent of the California Constitution does not permit this exclusion, and because reasonable public policy warrants approval of the Central Basin Municipal Water District test claim.

California Constitutional Protection of Local Government Revenue Burdens

The Commission's interpretation of article XIII B, section 6 (Cal. Const., art. XIII B, § 6.), that it was designed to protect revenues of local governments and not the expenses that are recoverable from sources other than taxes, fails to account for the ever-increasing series of constraints on the funding available to administer these services.

Proposition 13 drastically cut property tax revenue by nearly 50% (California Senate Local Government Committee, *What's So Special About Special Districts, Fourth Edition*, 10 (2010)), creating a funding deficit for local agencies, particularly special districts. Funding deficits created a need for additional funding mechanisms, such as levying user fees. In 1996, Proposition 218 created restrictions on those sources of revenues, restricting assessment, fees and charges (*City of Riverside*, 73 Cal.App.4th at 686). For special districts and other local agencies,

regardless of the mix of revenue they rely on, they are restricted by these propositions when adopting new or increased fees.

The aforementioned propositions have created system whereby local governments and their constituent residents are charged with developing and implementing the programs and services they desire for their communities and bearing those costs. The current interpretation which makes many agencies ineligible for subvention exacerbates local agencies' and governments' funding woes, particularly when they are forced to implement and administer state-mandated actions.

The purpose of constitutionally required subvention "is to preclude the state from shifting financial responsibility for carrying out governmental functions to local agencies, which are ill equipped to assume increased financial responsibilities because of constitutional taxing and spending limitations..." (*County of San Diego v. State of California*, 15 Cal 4th 68, 81). Excluding districts such as Central Basin Municipal Water District from eligibility for subvention, as CSM's decision and the Superior Court's ruling in *Paradise* attempt to do, is wholly contrary to the purpose and intent of Propositions 4 and 1A; to protect local governments with constitutional funding limitations from shouldering the financial burden of the Legislature's preferred programs.

Proposition 4 Subvention for State-Mandated Costs

Proposition 4, article XIII B, was intended to be a "permanent protection for taxpayers from excessive taxation" by establishing appropriations limit for each government entity (*County of Placer v. Corin* (1980) 113 Cal.App.3d 443). It also imposed the subvention requirements for state-mandated programs or higher levels of service that impose costs (*Cal. School Boards Assn.* (2018) 15 Cal.4th 68, 81).

The exclusion of local governments that do not receive property taxes or "proceeds of taxes" is contrary to the plain language of article XIII B, section 6, which provides subvention for "all" local governments. The denial for subvention in the case of Central Basin Municipal Water District, and other enterprise special districts, results in the creation of a class of local governments and their citizens that must always bear the cost of state mandates through increased fees, even before clearing the uncertain Proposition 218 voter authorization hurdle for said fee increases, while others deemed as eligible under the current interpretation will see no fee increases. The intent of Proposition 4 overwhelmingly is to ensure that government "will not favor one group of taxpayers over another," and that one group of ratepayers will not face a disproportionate burden based on the revenue source of their local government (*Legislature v. Eu* (1991) 54 Cal.3d 492, 504).

Implication of Current Eligibility Requirements Interpretation

The Sacramento Superior Court and CSM rulings on the subvention eligibility requirements are contrary to the intent of Proposition 4 (Cal. Const., art. XIII B, § 6.). Local governments face onerous requirements to increase fees, viewed as the ability to "recover expenses from other sources." The "other source" for local governments which operate as fee for service entities is

the ratepayer, which creates excessive taxation for some constituencies over others for the same new state-mandated program or service. A proper reading of the Constitution grants subvention for all local governments, to properly carry out state-mandates. The CSM and Sacramento Superior Court's current subvention eligibility interpretation should be reversed to protect against unreasonable injustice to the citizens and agencies which have adapted mixed funding methods to support local services, under the pressure of strict constitutional tax and fee regulations.

Accordingly, we respectfully urge the CSM to reverse its decision on the eligibility of the Central Basin Municipal Water District to file a Test Claim, and, to permit subvention claims by similarly situated enterprise districts constrained by the California Constitution in their ability to raise fees and charges.

We are happy to provide additional information or answer any follow-up questions the CSM or its staff may have. Please do not hesitate to contact Mustafa Hessabi at CSDA at (916) 442-7887.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mustafa Hessabi', with a stylized, flowing script.

Mustafa Hessabi
Legislative Analyst - Attorney

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On May 2, 2018, I served the:

- **California Special Districts Association's (CSDA's) Comments on the Test Claim filed May 2, 2018**

Central Basin Municipal Water District Governance Reform, 17-TC-02
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on May 2, 2018 at Sacramento, California.



Lorenzo Duran
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 4/13/18

Claim Number: 17-TC-02

Matter: Central Basin Municipal Water District Governance Reform

Claimant: Central Basin Municipal Water District

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

Socorro Aquino, State Controller's Office

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-7522

SAquino@sco.ca.gov

Harmeet Barkschat, Mandate Resource Services, LLC

5325 Elkhorn Blvd. #307, Sacramento, CA 95842

Phone: (916) 727-1350

harmeet@calsdrc.com

Lacey Baysinger, State Controller's Office

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-0254

lbaysinger@sco.ca.gov

Allan Burdick,

7525 Myrtle Vista Avenue, Sacramento, CA 95831

Phone: (916) 203-3608

allanburdick@gmail.com

J. Bradley Burgess, MGT of America

895 La Sierra Drive, Sacramento, CA 95864

Phone: (916) 595-2646

Bburgess@mgtamer.com

Evelyn Calderon-Yee, Bureau Chief, State Controller's Office

Local Government Programs and Services, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-5919

ECalderonYee@sco.ca.gov

Gwendolyn Carlos, State Controller's Office

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 323-0706
gcarlos@sco.ca.gov

Annette Chinn, *Cost Recovery Systems, Inc.*
705-2 East Bidwell Street, #294, Folsom, CA 95630
Phone: (916) 939-7901
achinnrcs@aol.com

Carolyn Chu, Senior Fiscal and Policy Analyst, *Legal Analyst's Office*
925 L Street, Sacramento, CA 95814
Phone: (916) 319-8326
Carolyn.Chu@lao.ca.gov

Anita Dagan, Manager, Local Reimbursement Section, *State Controller's Office*
Local Government Programs and Services Division, Bureau of Payments, 3301 C Street, Suite 740,
Sacramento, CA 95816
Phone: (916) 324-4112
Adagan@sco.ca.gov

Marieta Delfin, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 322-4320
mdelfin@sco.ca.gov

Donna Ferebee, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
donna.ferebee@dof.ca.gov

Susan Geanacou, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
susan.geanacou@dof.ca.gov

Dillon Gibbons, Legislative Representative, *California Special Districts Association*
1112 I Street Bridge, Suite 200, Sacramento, CA 95814
Phone: (916) 442-7887
dillong@csda.net

Heather Halsey, Executive Director, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
heather.halsey@csm.ca.gov

Chris Hill, Principal Program Budget Analyst, *Department of Finance*
Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Chris.Hill@dof.ca.gov

Justyn Howard, Program Budget Manager, *Department of Finance*
915 L Street, Sacramento, CA 95814
Phone: (916) 445-1546
justyn.howard@dof.ca.gov

Kevin Hunt, General Manager, *Central Basin Municipal Water District*
Claimant Representative
6252 Telegraph Road, Commerce, CA 90040

Phone: (323) 201-5500
kevinh@centralbasin.org

Edward Jewik, *County of Los Angeles*

Auditor-Controller's Office, 500 W. Temple Street, Room 603, Los Angeles, CA 90012

Phone: (213) 974-8564
ejewik@auditor.lacounty.gov

Jill Kanemasu, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-9891
jkanemasu@sco.ca.gov

Anita Kerezsi, *AK & Company*

3531 Kersey Lane, Sacramento, CA 95864

Phone: (916) 972-1666
akcompanysb90@gmail.com

Lisa Kurokawa, Bureau Chief for Audits, *State Controller's Office*

Compliance Audits Bureau, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 327-3138
lkurokawa@sco.ca.gov

Jill Magee, Program Analyst, *Commission on State Mandates*

980 9th Street, Suite 300, Sacramento, CA 95814

Phone: (916) 323-3562
Jill.Magee@csm.ca.gov

Hortensia Mato, *City of Newport Beach*

100 Civic Center Drive, Newport Beach, CA 92660

Phone: (949) 644-3000
hmato@newportbeachca.gov

Michelle Mendoza, *MAXIMUS*

17310 Red Hill Avenue, Suite 340, Irvine, CA 95403

Phone: (949) 440-0845
michellemendoza@maximus.com

Meredith Miller, Director of SB90 Services, *MAXIMUS*

3130 Kilgore Road, Suite 400, Rancho Cordova, CA 95670

Phone: (972) 490-9990
meredithcmiller@maximus.com

Lourdes Morales, Senior Fiscal and Policy Analyst, *Legal Analyst's Office*

925 L Street, Sacramento, CA 95814

Phone: (916) 319-8320
Lourdes.Morales@LAO.CA.GOV

Andy Nichols, *Nichols Consulting*

1857 44th Street, Sacramento, CA 95819

Phone: (916) 455-3939
andy@nichols-consulting.com

Arthur Palkowitz, *Artiano Shinoff*

2488 Historic Decatur Road, Suite 200, San Diego, CA 92106

Phone: (619) 232-3122
apalkowitz@as7law.com

Steven Pavlov, Budget Analyst, *Department of Finance*

Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Steven.Pavlov@dof.ca.gov

Jai Prasad, *County of San Bernardino*
Office of Auditor-Controller, 222 West Hospitality Lane, 4th Floor, San Bernardino, CA 92415-0018
Phone: (909) 386-8854
jai.prasad@atc.sbcounty.gov

Mark Rewolinski, *MAXIMUS*
808 Moorefield Park Drive, Suite 205, Richmond, VA 23236
Phone: (949) 440-0845
markrewolinski@maximus.com

Camille Shelton, Chief Legal Counsel, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
camille.shelton@csm.ca.gov

Carla Shelton, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
carla.shelton@csm.ca.gov

Jim Spano, Chief, Mandated Cost Audits Bureau, *State Controller's Office*
Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 323-5849
jspano@sco.ca.gov

Dennis Speciale, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 324-0254
DSpeciale@sco.ca.gov

Joe Stephenshaw, Director, *Senate Budget & Fiscal Review Committee*
California State Senate, State Capitol Room 5019, Sacramento, CA 95814
Phone: (916) 651-4103
Joe.Stephenshaw@sen.ca.gov

Derk Symons, Staff Finance Budget Analyst, *Department of Finance*
Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Derk.Symons@dof.ca.gov

Jolene Tollenaar, *MGT of America*
2251 Harvard Street, Suite 134, Sacramento, CA 95815
Phone: (916) 243-8913
jolenetollenaar@gmail.com

Evelyn Tseng, *City of Newport Beach*
100 Civic Center Drive, Newport Beach, CA 92660
Phone: (949) 644-3127
etseng@newportbeachca.gov

Brian Uhler, Principal Fiscal & Policy Analyst, *Legislative Analyst's Office*
925 L Street, Suite 1000, Sacramento, CA 95814
Phone: (916) 319-8328
Brian.Uhler@LAO.CA.GOV

Renee Wellhouse, *David Wellhouse & Associates, Inc.*

3609 Bradshaw Road, H-382, Sacramento, CA 95927

Phone: (916) 797-4883

dwa-renee@surewest.net

Hasmik Yaghobyan, *County of Los Angeles*

Auditor-Controller's Office, 500 W. Temple Street, Room 603, Los Angeles, CA 90012

Phone: (213) 974-9653

hyaghobyan@auditor.lacounty.gov



November 19, 2018

Mr. Kevin Hunt

Central Basin Municipal Water District
6252 Telegraph Road
Commerce, CA 90040

Ms. Erika Li

Department of Finance
915 L Street, 10th Floor
Sacramento, CA 95814

And Parties, Interested Parties, and Interested Persons (See Mailing List)

Re: Draft Proposed Decision, Schedule for Comments, and Notice of Hearing

Central Basin Municipal Water District Governance Reform, 17-TC-02

Water Code Sections 71265, 71266, and 71267;

Statutes 2016, Chapter 401 (AB 1794)

Central Basin Municipal Water District, Claimant

Dear Mr. Hunt and Ms. Li:

The Draft Proposed Decision for the above-captioned matter is enclosed for your review and comment.

Written Comments

Written comments may be filed on the Draft Proposed Decision by **December 10, 2018**. Please note that all representations of fact submitted to the Commission must be signed under penalty of perjury by persons who are authorized and competent to do so and must be based upon the declarant's personal knowledge, information, or belief. (Cal. Code Regs., tit. 2, § 1187.5.) Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding unless it would be admissible over an objection in civil actions. (Cal. Code Regs., tit. 2, § 1187.5.) The Commission's ultimate findings of fact must be supported by substantial evidence in the record.¹

You are advised that comments filed with the Commission on State Mandates (Commission) are required to be simultaneously served on the other interested parties on the mailing list, and to be accompanied by a proof of service. However, this requirement may also be satisfied by electronically filing your documents. Refer to http://www.csm.ca.gov/dropbox_procedures.php on the Commission's website for electronic filing instructions. (Cal. Code Regs., tit. 2, § 1181.3.)

If you would like to request an extension of time to file comments, please refer to section 1187.9(a) of the Commission's regulations.

¹ Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5 of the Code of Civil Procedure to set aside a decision of the Commission on the ground that the Commission's decision is not supported by substantial evidence in the record.

Mr. Hunt and Ms. Li

November 19, 2018

Page 2

Hearing

This matter is set for hearing on **Friday, January 25, 2019** at 10:00 a.m., State Capitol, Room 447, Sacramento, California. The Proposed Decision will be issued on or about January 11, 2019. Please let us know in advance if you or a representative of your agency will testify at the hearing, and if other witnesses will appear. If you would like to request postponement of the hearing, please refer to section 1187.9(b) of the Commission's regulations.

Sincerely,

A handwritten signature in blue ink that reads "Camille Shelton, for". The signature is written in a cursive, flowing style.

Heather Halsey
Executive Director

ITEM ____

TEST CLAIM

DRAFT PROPOSED DECISION

Water Code Sections 71265, 71266, and 71267

Statutes 2016, Chapter 401 (AB 1794)

Central Basin Municipal Water District Governance Reform

17-TC-02

Central Basin Municipal Water District, Claimant

EXECUTIVE SUMMARY

Overview

This Test Claim alleges reimbursable state-mandated activities and increased costs imposed on the Central Basin Municipal Water District (claimant) arising from Water Code sections 71265 through 71267, enacted by Statutes 2016, chapter 401.

The test claim statute requires the claimant to expand its board of directors (board) from its current five members (also known as directors) to eight members, until the election of November 8, 2022, after which the board would be composed of seven members. The claimant's general manager is also required to notify the district's water purveyors (purveyors) and provide a 60-day period during which the purveyors may nominate individuals for appointment to the board. The statute also establishes minimum qualifications for appointed board members and limits benefits provided to the board members. The claimant seeks reimbursement for the costs of the appointment process for the additional board members, capital improvements to its facilities, and increased overhead costs due to the required expansion of the governing board.

Prior to the enactment of the test claim statute, the claimant had been under increased scrutiny as news reports highlighted its misuse of public funds, inappropriate contracting and employment practices, and several pending lawsuits. The Bureau of State Audits proceeded to review various aspects of the claimant's operations between July 2010 and June 2015, and in December 2015, issued an audit report recommending special legislation to modify the claimant's governance structure to ensure the claimant's accountability to its customers.

As described herein, staff finds that there is no evidence in the record that the claimant receives any proceeds of taxes subject to the appropriations limit imposed by article XIII B. Thus, the claimant is not eligible for subvention under article XIII B, section 6.

Procedural History

Statutes 2016, chapter 401, was enacted on September 21, 2016, and became effective on January 1, 2017. The claimant filed the Test Claim on September 20, 2017, alleging that it first incurred costs under the test claim statute in fiscal year 2016-2017, after obtaining legal support in September 2016 for the appointment of the three new board members required by the new

law.¹ The Department of Finance (Finance) filed comments on the Test Claim on April 27, 2018.² The California Special Districts Association (CSDA) filed comments on the Test Claim on April 30, 2018. The claimant did not file rebuttal comments. Commission staff issued the Draft Proposed Decision on November 19, 2018.³

Commission Responsibilities

Under article XIII B, section 6 of the California Constitution, local agencies and school districts are entitled to reimbursement for the costs of state-mandated new programs or higher levels of service. In order for local government to be eligible for reimbursement, one or more similarly situated local agencies or school districts must file a test claim with the Commission. “Test claim” means the first claim filed with the Commission alleging that a particular statute or executive order imposes costs mandated by the state. Test claims function similarly to class actions and all members of the class have the opportunity to participate in the test claim process and all are bound by the final decision of the Commission for purposes of that test claim.

The Commission is the quasi-judicial body vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6 of the California Constitution and not apply it as an “equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities.”⁴

Claims

The following chart provides a brief summary of the claims and issues raised and staff’s recommendation.

| Issue | Description | Staff Recommendation |
|--|---|--|
| Was the Test Claim timely filed pursuant to Government Code section 17551? | Government Code section 17551(c) states: “test claims shall be filed not later than 12 months following the effective date of a statute or executive order, or within 12 months of incurring increased costs as a result of a statute or executive order, whichever is later.” ⁵ | <i>Timely Filed</i> - The test claim statute became effective on January 1, 2017. The Test Claim was filed on September 20, 2017. Accordingly, the Test Claim was filed within 12 months of the effective date of the test claim statute, which is timely pursuant to the first prong of Government Code section 17551(c). |

¹ Exhibit A, Test Claim, pages 3-4.

² Exhibit D, Finance’s Comments on the Test Claim.

³ Exhibit F, Draft Proposed Decision.

⁴ *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1281, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

⁵ Government Code section 17551(c).

| Issue | Description | Staff Recommendation |
|--|--|---|
| Is the claimant eligible to claim reimbursement under article XIII B, section 6? | To be eligible to claim reimbursement under article XIII B, section 6, a claimant must be subject to the tax and spend provisions of articles XIII A and XIII B. | <i>Deny</i> - There is no evidence in the record that the claimant receives any proceeds of taxes subject to the appropriations limit imposed by article XIII B. Thus, the claimant is not eligible for subvention under article XIII B, section 6. |

Staff Analysis

A. This Test Claim Was Timely Filed Pursuant to Government Code Section 17551.

Government Code section 17551(c) provides that a test claim must be filed “not later than 12 months after the effective date of the statute or executive order, or within 12 months of incurring increased costs as a result of a statute or executive order, whichever is later.” This Test Claim was filed on September 20, 2017, and is therefore timely, as it was filed within 12 months of January 1, 2017, the effective date of the test claim statute.

B. The Claimant, a Special District, Is Not Eligible to Claim Reimbursement Under Article XIII B, Section 6, Because There Is No Evidence That the Claimant Receives Any Proceeds of Taxes Subject to the Appropriations Limit.

Water Code Sections 71265, 71266, and 71267, as added by the test claim statute, require the claimant to perform the following:

- The claimant’s board must expand from its current number of five directors to eight directors. The three new directors shall be appointed by the water purveyors of the district in accordance with Water Code section 71267. The eight-member board shall then divide the Central Basin Municipal Water District (district) into four divisions so as to equalize, as nearly as practicable, the population in these divisions, pursuant to Water Code section 71450. At the election of November 8, 2022, four directors will be elected, one for each division. The board would thereafter consist of those four directors, plus three directors appointed by the district’s water purveyors pursuant to Water Code section 71267, for a total of seven directors. (Wat. Code, § 71266(a)-(d).)
- The district’s general manager, effective January 1, 2017, must notify the purveyors and provide a 60-day period during which the purveyors may nominate individuals for appointment to the board. The three directors appointed by the purveyors shall be selected every four years. No appointed board member may hold elective office or hold more than 0.5 percent ownership in a company regulated by the Public Utilities Commission, or hold more than one consecutive term of office. Appointed directors are eligible for certain benefits as provided for in Water Code section 71257 and the district’s administrative code. (Wat. Code, § 71267(a)-(i).)

The claimant seeks reimbursement for the costs of the appointment process for the additional board members, capital improvements to its facilities, and increased overhead costs due to the required expansion of the governing board.

To be eligible for reimbursement under article XIII B, section 6, a local agency must be subject to the taxing and spending limitations of articles XIII A and XIII B of the California Constitution. In this case, reimbursement is not required under article XIII B, section 6, however, because there is no evidence that the claimant receives any proceeds of taxes subject to the appropriations limit of article XIII B and, therefore, is not eligible to claim mandate reimbursement under section 6. Article XIII B, section 9(c) specifically provides that special districts that existed in 1977-78 and did not share in ad valorem property taxes, or were created later and are funded entirely by “other than the proceeds of taxes”, which precisely describes the claimant, are excluded from the definition of “appropriations subject to limitation”.

Article XIII B, section 6 was specifically designed to protect local governments from state mandates that would require expenditure of *tax revenues* which are subject to limitation:

Section 6 was included in article XIII B in recognition that article XIII A of the Constitution severely restricted the taxing powers of local governments. (See *County of Los Angeles I, supra*, 43 Cal.3d at p. 61.) The provision was intended to preclude the state from shifting financial responsibility for carrying out governmental functions onto local entities that were ill equipped to handle the task. (*Ibid.*; see *Lucia Mar Unified School Dist. v. Honig* (1988) 44 Cal.3d 830, 836, fn. 6.) Specifically, it was designed to protect the tax revenues of local governments from state mandates that would require expenditure of such revenues. Thus, although its language broadly declares that the “state shall provide a subvention of funds to reimburse ... local government for the costs [of a state-mandated new] program or higher level of service,” read in its textual and historical context section 6 of article XIII B requires subvention only when the costs in question can be recovered *solely from tax revenues*.⁶

The California Supreme Court most recently recognized that the purpose of section 6 was to preclude “the state from shifting financial responsibility for carrying out governmental functions to local agencies, which are ‘ill equipped’ to assume increased financial responsibilities *because of the taxing and spending limitations that articles XIII A and XIII B impose*.”⁷

Although the claimant is theoretically able to impose special taxes pursuant to Article XIII C, section 2(a) of the California Constitution and certain provisions in the Municipal Water Act of 1911, there is no evidence in the record that it has ever done so. In fact, all evidence in the record indicates that the claimant’s revenues derive solely from its authority to collect fees and assessments and grants.⁸ Moreover, any limitations imposed by Proposition 218 on the

⁶ *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487 [emphasis in original].

⁷ *Dept. of Finance v. Commission on State Mandates* (2016) 1 Cal.5th 749, 763 [quoting *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 81].

⁸ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,” <https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, pages 19-20; Exhibit X, Central Basin Municipal Water District Adopted Operating Budget & Capital Improvement Projects/Grant Projects Budget, Fiscal Year 2016-17 (July 2016), https://www.centralbasin.org/UserFiles/Servers/Server_8977649/File/About%20Us/Departments

claimant's authority to increase fees, assessments, or charges does not make such revenues "proceeds of taxes" subject to the appropriations limit of article XIII B, section 8, nor do they trigger the reimbursement requirements of article XIII B, section 6. Therefore, there is no substantial evidence in the record to support a finding the claimant has eligibility for subvention of funds within the meaning of article XIII B, section 6.

Accordingly, based on this record, staff recommends that the Commission deny this Test Claim, and not reach the issues of whether the test claim statute mandates a new program or higher level of service, or results in increased costs mandated by the state.

Conclusion

Based on the forgoing analysis, staff finds that there is no evidence in the record that the claimant receives any proceeds of taxes subject to the appropriations limit of article XIII B and, therefore, is not eligible for subvention under section 6.

Staff Recommendation

Staff recommends that the Commission adopt the Proposed Decision to deny the Test Claim and authorize staff to make any technical, non-substantive changes to the Proposed Decision following the hearing.

[/Finance/Budget%20and%20Water%20Rates/Adopted%20Budget%20for%20FY%202016-17_FINAL_0.pdf](#), accessed October 15, 2018, pages 10-13, 43.

COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE TEST CLAIM

Water Code Sections 71265, 71266, and
71267; Statutes 2016, Chapter 401 (AB 1794)

Filed on September 20, 2017

Central Basin Municipal Water District,
Claimant

Case No.: 17-TC-02

*Central Basin Municipal Water District
Governance Reform*

DECISION PURSUANT TO
GOVERNMENT CODE SECTION 17500
ET SEQ.; CALIFORNIA CODE OF
REGULATIONS, TITLE 2, DIVISION 2,
CHAPTER 2.5, ARTICLE 7.

(Adopted January 25, 2019)

DECISION

The Commission in State Mandates (Commission) heard and decided this Test Claim during a regularly scheduled hearing on January 25, 2019. [Witness list will be included in the adopted Decision.]

The law applicable to the Commission's determination of a reimbursable state-mandated program is article XIII B, section 6 of the California Constitution, Government Code sections 17500 et seq., and related case law.

The Commission [adopted/modified] the Proposed Decision to deny the Test Claim by a vote of [vote will be included in the adopted Decision], as follows:

| Member | Vote |
|---|-------------|
| Lee Adams, County Supervisor | |
| Ken Alex, Director of the Office of Planning and Research | |
| Mark Hariri, Representative of the State Treasurer, Vice Chairperson | |
| Sarah Olsen, Public Member | |
| Carmen Ramirez, City Council Member | |
| Yvette Stowers, Representative of the State Controller | |
| Jacqueline Wong-Hernandez, Representative of the Director of the Department of Finance, Chairperson | |

Summary of the Findings

This Test Claim alleges reimbursable state-mandated activities and costs arising from Statutes 2016, chapter 401, which added sections 71265, 71266, and 71267 to the Water Code, effective January 1, 2017. The test claim statute requires the Central Basin Municipal Water District (claimant) to expand its board of directors from its current five members (also known as directors) to eight members, until the election of November 8, 2022, after which the board would be composed of seven members. The claimant's general manager is also required to notify the district's water purveyors (purveyors) and provide a 60-day period during which the purveyors may nominate individuals for appointment to the board. In addition, the statute establishes minimum qualifications for appointed board members and limits benefits provided to the board members. The goal of the test claim statute is to protect consumers and "improve the District's effectiveness as a water wholesaler by enhancing the technical knowledge of the Board and by encouraging the participation of the water retailers that are responsible for water delivery directly to the customers."⁹ The claimant seeks reimbursement for the costs of the appointment process for the additional board members, capital improvements to its facilities, and increased overhead costs due to the required expansion of the governing board.

Prior to the enactment of the test claim statute, the claimant had been under increased scrutiny as news reports highlighted its misuse of public funds, inappropriate contracting and employment practices, and several pending lawsuits. The Bureau of State Audits proceeded to review various aspects of the claimant's operations between July 2010 and June 2015, and in December 2015, issued an audit report recommending special legislation to modify the claimant's governance structure so as to ensure the claimant's accountability to its customers.

This Test Claim was timely filed, pursuant to Government Code section 17551, on September 20, 2017 which is within 12 months of the January 1, 2017 effective date of the test claim statute.

To be eligible for reimbursement under article XIII B, section 6, a local agency must be subject to the taxing and spending limitations of articles XIII A and XIII B of the California Constitution. In this case, reimbursement is not required under article XIII B, section 6, however, because there is no evidence that the claimant receives any proceeds of taxes subject to the appropriations limit of article XIII B and, therefore, is not eligible to claim mandate reimbursement under section 6. Article XIII B, section 9(c) specifically provides that special districts that existed in 1977-78 and did not share in ad valorem property taxes, or were created later and are funded entirely by "other than the proceeds of taxes", which precisely describes the claimant, are not subject to the appropriations limit.

Although the claimant is theoretically able to impose special taxes pursuant to Article XIII C, section 2(a) of the California Constitution and certain provisions in the Municipal Water Act of 1911, there is no evidence in the record that it has ever done so. In fact, all evidence in the record indicates that the claimant's revenues derive solely from its authority to collect fees and

⁹ Exhibit X, AB 1794 – Assembly Bill - Bill Analysis, August 19, 2016, https://leginfo.ca.gov/faces/billAnalysisClient.xhtml?bill_id=201520160AB1794, accessed October 31, 2018, page 5.

assessments and grants.¹⁰ Moreover, Proposition 218 does not convert claimant’s fees, assessments, or charges into “proceeds of taxes” subject to the appropriations limit of article XIII B, section 8, nor do expenditures of fees imposed pursuant to Proposition 218 trigger the reimbursement requirements of article XIII B, section 6 as appropriations of such fees are not “appropriations subject to limitation.” Therefore, there is no substantial evidence in the record to support a finding the claimant has eligibility for subvention of funds within the meaning of article XIII B, section 6.

Accordingly, based on this record, the Commission denies this Test Claim.

COMMISSION FINDINGS

I. Chronology

| | |
|------------|---|
| 01/01/2017 | Water Code sections 71265, 71266, and 71267, as added by Statutes 2016, chapter 401, become effective. |
| 09/20/2017 | The claimant filed the Test Claim. ¹¹ |
| 03/14/2018 | Commission staff determined that the Test Claim was incomplete, because the claimant was not eligible for subvention, and returned it to the claimant. |
| 03/27/2018 | The claimant filed an appeal of the Executive Director’s decision to deny jurisdiction over the Test Claim. ¹² |
| 03/30/2018 | The Executive Director issued a Notice of Test Claim Filing, which mooted the appeal of the executive director’s decision, requesting comments on the Test Claim and evidence that the claimant had ever collected taxes. ¹³ |
| 04/27/2018 | The Department of Finance (Finance) filed comments on the Test Claim. ¹⁴ |
| 04/30/2018 | The California Special Districts Association (CSDA) filed comments on the Test Claim. ¹⁵ |

¹⁰ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,” <https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, pages 19-20; Central Basin Municipal Water District Adopted Operating Budget & Capital Improvement Projects/Grant Projects Budget, Fiscal Year 2016-17 (July 2016), https://www.centralbasin.org/UserFiles/Servers/Server_8977649/File/About%20Us/Departments/Finance/Budget%20and%20Water%20Rates/Adopted%20Budget%20for%20FY%202016-17_FINAL_0.pdf, accessed October 15, 2018, pages 10-13, 43.

¹¹ Exhibit A, Test Claim.

¹² Exhibit B, Appeal of Executive Director’s Decision.

¹³ Exhibit C, Notice of Test Claim Filing.

¹⁴ Exhibit D, Finance’s Comments on Test Claim.

¹⁵ Exhibit E, CSDA’s Comments on Test Claim.

II. Background

This Test Claim alleges that Water Code sections 71265 through 71267, enacted by Statutes 2016, chapter 401 impose reimbursable state-mandated increased costs resulting from activities required of the claimant.

Prior to the enactment of the test claim statute, the claimant had been under increased scrutiny as news reports highlighted its misuse of public funds, inappropriate contracting and employment practices, and several pending lawsuits.¹⁷ In October 2014, the County of Los Angeles Department of Public Works issued a report criticizing the district and exploring the steps necessary to dissolve it, though the report recommended an audit rather than dissolution.¹⁸ At the request of the Joint Legislative Audit Committee, the Bureau of State Audits proceeded to review various aspects of the claimant's operations between July 2010 and June 2015, and in December 2015, issued an audit report recommending special legislation to:

. . . preserve the district as an independent entity but modify the district's governance structure. In doing so, the Legislature should consider a governance structure that ensures the district remain accountable to those it serves; for example, the district's board could be changed from one elected by the public at large to one appointed by the district's customers.¹⁹

Generally, the test claim statute revises the composition of the claimant's board of directors, establishes minimum qualifications for appointed board members, and limits benefits provided to the board members.

To provide some context for how the test claim statute fits into the state's effort to improve the operations of the claimant, a brief discussion of the claimant's history follows.

A. The Creation and History of the Claimant.

The Municipal Water District Act of 1911 (1911 Act), Water Code sections 71000 et seq., authorized "the people of any county or counties, or of any portions thereof, whether such portions include unincorporated territory only or incorporated territory of any city or cities, or both such incorporated and unincorporated territory" to organize a municipal water district in

¹⁶ Exhibit F, Draft Proposed Decision.

¹⁷ Exhibit X, AB 1794 – Assembly Bill - Bill Analysis, August 19, 2016, https://leginfo.ca.gov/faces/billAnalysisClient.xhtml?bill_id=201520160AB1794, accessed October 31, 2018, page 8.

¹⁸ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), "Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities," <https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, pages 39-40.

¹⁹ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), "Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities," <https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, page 42.

order to “acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water, including sewage and storm waters, for the beneficial use or uses of the district, its inhabitants, or the owners of rights to water in the district.”²⁰ The 1911 Act authorized municipal water districts to levy property taxes, and to impose special taxes pursuant to Article 3.5 of the Government Code.²¹ The authority to levy general purpose property taxes however, has since been eliminated by an amendment to California Constitution - Article XIII C, section 2(a), made by Proposition 218, which restricted the authority of special districts to impose taxes only to special taxes. Municipal water districts may also impose standby “assessments or availability charges” on land within their jurisdiction, in an amount not to exceed \$10 per acre.²²

In 1952, pursuant to the 1911 Act, the residents of southeastern Los Angeles County voted to establish the claimant, Central Basin Municipal Water District, to mitigate the overpumping of groundwater in the area.²³ In 1954, the claimant became a member agency of the Metropolitan Water District of Southern California (Metropolitan), an agency that was formed to bring imported water to the greater Los Angeles region.²⁴ The claimant “purchases imported water from Metropolitan for sale to retail water suppliers, including cities, other water districts, mutual water companies, investor-owned utilities, and private companies within the district’s boundaries. Those water retailers in turn provide water to residents and businesses within their respective service areas.”²⁵ In this manner, the claimant acts to secure water reliability for more than 1.6 million people in Los Angeles County, spanning a range of 27 cities, three unincorporated areas, 40 water retailers, and one water wholesaler.²⁶

The audit report issued by the Bureau of State Audits (BSA) states that in fiscal year 2014-2015, the claimant’s total revenues were from the following sources: sales of imported water (81% of

²⁰ Water Code, sections 71060, 71610(a).

²¹ Water Code, sections 72090, 72090.5.

²² Water Code, sections 71630, 71631.

²³ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,” <https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, page 9.

²⁴ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,” <https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, page 15.

²⁵ Exhibit X, Senate Committee on Appropriations Analysis of AB 1794, August 1, 2016, https://leginfo.ca.gov/faces/billAnalysisClient.xhtml?bill_id=201520160AB1794, accessed November 1, 2018, pages 7, 15.

²⁶ Exhibit X, Central Basin Municipal Water District Adopted Operating Budget & Capital Improvement Projects/Grant Projects Budget, Fiscal Year 2016-17 (July 2016), https://www.centralbasin.org/UserFiles/Servers/Server_8977649/File/About%20Us/Departments/Finance/Budget%20and%20Water%20Rates/Adopted%20Budget%20for%20FY%202016-17_FINAL_0.pdf, accessed October 15, 2018, page 8.

total revenues); sales of recycled water (7% of total revenues); revenues from standby charges, which are parcel assessments imposed on landowners and used by the claimant to pay its debt service costs on water recycling facilities and the purchase of its headquarters building (6% of total revenues); grant funding (5% of total revenues); and other revenues from deliveries of treated water, investment income, and other miscellaneous sources (1% of total revenues).²⁷ The claimant's operating budget for fiscal year 2016-2017 identifies the same revenue sources.²⁸

Prior to the enactment of the test claim statute, the claimant's 227 square-mile service area was governed by a board of five publicly elected directors, with voters in each of the five divisions of the service area electing one director to serve a four-year term.²⁹ No limits existed on the number of terms a board member could serve.³⁰

B. The Bureau of State Audits Found Numerous Failures by the District's Board of Directors to Provide for the Effective Management and Efficient Operation of the District.

The BSA reviewed various aspects of the claimant's operations between July 2010 and June 2015, and in its December 2015 audit report, made the following key findings regarding the claimant and its board:

²⁷ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), "Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities," <https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, pages 19-20.

²⁸ Exhibit X, Central Basin Municipal Water District Adopted Operating Budget & Capital Improvement Projects/Grant Projects Budget, Fiscal Year 2016-17 (July 2016), https://www.centralbasin.org/UserFiles/Servers/Server_8977649/File/About%20Us/Departments/Finance/Budget%20and%20Water%20Rates/Adopted%20Budget%20for%20FY%202016-17_FINAL_0.pdf, accessed October 15, 2018, pages 10-13, 43.

²⁹ Exhibit X, Central Basin Municipal Water District Adopted Operating Budget & Capital Improvement Projects/Grant Projects Budget, Fiscal Year 2016-17 (July 2016), https://www.centralbasin.org/UserFiles/Servers/Server_8977649/File/About%20Us/Departments/Finance/Budget%20and%20Water%20Rates/Adopted%20Budget%20for%20FY%202016-17_FINAL_0.pdf, accessed October 15, 2018, page 8.

³⁰ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), "Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities," <https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, page 17.

- The board’s poor leadership, decision-making and oversight hindered the district’s ability to meet its responsibilities.³¹
 - Six different individuals had served as chief executive and five different individuals and one financial services firm have served as the finance director or an equivalent position.³²
 - The board had an ineffective structure for investigating complaints regarding its members’ or district staff’s violations of laws and district codes related to ethics.³³
 - Until recently, the board had not approved a strategic plan for several years and it did not require the district to create a long-term financial plan—the district had endured revenue shortfalls for years, had averaged a \$2.9 million operating deficit in three of the past five fiscal years and had suffered two credit rating downgrades.³⁴
 - Because of the board’s inaction and poor decisions, the district was paying more for less general liability and employment practices liability insurance coverage.³⁵

³¹ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,” <https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, page 21.

³² Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,” <https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, pages 22-25.

³³ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,” <https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, pages 25-28.

³⁴ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,” <https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, pages 28-35.

³⁵ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,” <https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, pages 35-38.

- The board violated state law by creating a legal trust fund without adequately disclosing it to the public. It also allowed its outside legal counsel to make payments from this \$2.75 million fund without ensuring funds were used appropriately.³⁶
- The district inappropriately avoided competitively bidding 11 of the 20 contracts we reviewed and it used amendments to extend and expand contracts—over a three-year period, it executed a total of 134 amendments to 65 contracts, increasing the total cost of the associated contracts from roughly \$14 million to nearly \$30 million.³⁷
- The district did not follow best practices in managing its contracts—most of the contracts reviewed lacked critical elements of a scope of work and the district paid certain consultants before the work was performed.³⁸
- The district spent funds on purposes unrelated to its mission, such as lavish board member installation ceremonies, that likely constituted prohibited gifts of public funds.³⁹
- The district hired some unqualified staff, created a new position without proper approval, and incurred unnecessary expenses. The audit noted four hires in which the district did not comply with its policies, two of which resulted in legal disputes and another caused the district to incur unnecessary expenses.⁴⁰
- Some of the benefits given to board members may have been too generous—a \$600 monthly automobile or transportation allowance, a \$200 monthly allowance for personal communication devices, and up to \$2,000 per month for health benefits, even though they were not full-time employees.⁴¹

The audit report also noted that because the board is publicly elected, it is not directly accountable to the district’s customers – the various entities to which the district sells imported and recycled water.⁴² The report recommended that the Legislature:

³⁶ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,”

<https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, pages 45-49.

³⁷ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,”

<https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, pages 49-56.

³⁸ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,”

<https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, pages 56-60.

³⁹ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership

[S]hould pass special legislation to preserve the district as an independent entity but modify the district’s governance structure. In doing so, the Legislature should consider a governance structure that ensures the district remain accountable to those it serves; for example, the district’s board could be changed from one elected by the public at large to one appointed by the district’s customers.⁴³

C. The Test Claim Statute

The test claim statute, Statutes 2016, chapter 401 (AB 1794) became effective on January 1, 2017, adding sections 71265, 71266, and 71267 to Division 20, Part 3 of the California Water Code, changing the composition of the district’s board, establishing minimum qualifications for appointed directors, and limiting benefits of directors.

Section 71265 defines “large water purveyor” as “a public water system that is one of the top five purveyors of water as measured by total purchases of water from the CBMWD for the three prior fiscal years”, and “relevant technical expertise” as “at least 5 years of experience in a position materially responsible for performing services relating to the management, operations, engineering, construction, financing, contracting, regulating, or resource management of a public water system.” It also defines a small water purveyor as a public water system (as defined in the Health and Safety Code), and clarifies that sections 71265-71267 apply only to the claimant, the Central Basin Municipal Water District.

Section 71266 changes the composition of the claimant’s board of directors. The board currently has five directors, each one popularly elected from their respective divisions inside the district, pursuant to Water Code section 71250. Section 71266 requires that three additional directors be added to the board, with these directors appointed by the district’s water purveyors, in accordance with section 71267. The new eight-member board would then be responsible, before

Necessary for It to Effectively Fulfill its Responsibilities,”

<https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, pages 60-63.

⁴⁰ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,”

<https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, pages 65-70.

⁴¹ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,”

<https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, pages 70-80.

⁴² Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,”

<https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, page 40.

⁴³ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,”

<https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, page 42.

the election of November 8, 2022, to divide the district into four divisions, in a manner so as to equalize the population in each division, pursuant to Water Code section 71540 (in accordance with Section 22000 of Division 21 of the Elections Code.) The eight-member board would exist until the election of November 8, 2022, after which the board would consist of seven directors – the four elected ones, and the three appointed by the water purveyors. Section 72166 reads:

(a) Except as provided in subdivision (c) and notwithstanding any other provision of this division, the board of directors of the district shall be composed of seven directors as follows:

(1) Four directors, one director elected for each division established pursuant to subdivision (d) by the voters of the division. Each director shall be a resident of the division from which he or she is elected. An election pursuant to this paragraph shall be in accordance with the Uniform District Election Law (Part 4 (commencing with Section 10500) of Division 10 of the Elections Code).

(2) Three directors appointed by the water purveyors of the district in accordance with Section 71267.

(b) The district shall be subject to Section 84308 of the Government Code.

(c) Until the directors elected at the November 8, 2022, election take office, the board of directors shall be composed of eight directors as follows:

(1) Five directors in accordance with Section 71250.

(2) Three directors appointed by the water purveyors of the district pursuant to Section 71267.

(d) The board of directors shall divide the district into four divisions in a manner as to equalize, as nearly as practicable, the population in the respective divisions pursuant to Section 71540.

Section 71267 requires the claimant's general manager to notify all its water purveyors that the district is seeking three new appointed directors for the board, and provide a 60-day period during which nominations for such appointment will be accepted. All individuals nominated must possess "relevant technical expertise" as defined in section 71265. The three appointed directors shall be selected every four years – one by all large water purveyors from the nominees therefrom, one by all cities that are water purveyors of the district, from the nominees of the cities, and one by all the district's water purveyors, from any nominee. Section 71267 prohibits all three appointed directors from being employees or representatives of large water purveyors, cities, or small water purveyors. Each appointed director must live or work within the district, may not hold elected office, may not hold more than one-half percent ownership interest in any entity regulated by the Public Utilities Commission, and may not hold more than one consecutive term of office on the board. Appointed directors are eligible for compensation for up to ten meetings per month and certain benefits pursuant to the district's administrative code, but are not eligible for communication or car allowances. Section 71267 reads:

(a) The general manager of the district shall notify each water purveyor of the district and provide a 60-day period during which the district will accept nominations for appointment of individuals to the board of directors.

- (b) Individuals nominated for appointment to the board of directors shall demonstrate eligibility and relevant technical expertise.
- (c)(1) The three directors appointed by the water purveyors shall be selected by the water purveyors of the district every four years as follows:
- (A) One director shall be selected by all large water purveyors from the nominees of large water purveyors. Each large water purveyor shall have one vote.
 - (B) One director shall be selected by all cities that are water purveyors of the district from the nominees of cities. Each city shall have one vote.
 - (C) One director shall be selected by all of the water purveyors of the district from any nominee. The vote of each purveyor shall be weighted to reflect the number of service connections of that water purveyor within the district. If the selection of a director under this subparagraph would result in a violation of paragraph (2), the first eligible candidate receiving the next highest number of votes shall be selected.
- (2) The appointment of directors pursuant to paragraph (1) shall not result in any of the following:
- (A) The appointment of three directors that are all employed by or representatives of entities that are all large water purveyors.
 - (B) The appointment of three directors that are all employed by or representatives of entities that are all cities.
 - (C) The appointment of three directors that are all employed by or representatives of entities that are all small water purveyors.
- (3) Each nominee for director who receives the highest number of votes cast for each office described in paragraph (1) is appointed as a director to the board of directors and shall take office in accordance with Section 71512. The general manager shall collect the votes and report the results to the water purveyors. Votes for an appointed director are public records.
- (d) Each appointed director shall live or work within the district.
- (e) In order to ensure continuity of knowledge, the directors appointed at the first purveyor selection shall classify themselves by lot so that two of them shall hold office until the selection of their successors at the first succeeding purveyor selection and one of them shall hold office until the selection of his or her successor at the second succeeding purveyor selection.
- (f)(1) The term of a director appointed pursuant to subparagraph (A) of paragraph (1) of subdivision (c) is terminated if the appointed director no longer is employed by or a representative of a large water purveyor.
- (2) The term of a director appointed pursuant to subparagraph (B) of paragraph (1) of subdivision (c) is terminated if the appointed director no longer is employed by or a representative of a city.

(3) The term of a director appointed pursuant to subparagraph (C) of paragraph (1) of subdivision (c) is terminated if the appointed director no longer is employed by or a representative of a water purveyor.

(g)(1) An appointed director shall not do any of the following:

(A) Hold an elected office.

(B) Hold more than 0.5 percent ownership in a company regulated by the Public Utilities Commission.

(C) Hold more than one consecutive term of office on the board.

(2) An appointed director shall be subject to all applicable conflict-of-interest and ethics provisions and shall recuse himself or herself from participating in a decision that could have a direct material benefit on the financial interests of the director.

(h) A vacancy in an office of appointed director shall be filled in accordance with the selection process described in subdivisions (a) to (c), inclusive.

(i)(1) An appointed director shall be eligible for all of the following:

(A) Reimbursement for travel and conference expenses pursuant to the Central Basin Municipal Water District Administrative Code.

(B) Compensation for up to 10 meetings per month at the per meeting rate provided by the Central Basin Municipal Water District Administrative Code.

(C) Health insurance benefits, if those benefits are not provided by the director's employer.

(2) An appointed director shall not be eligible to receive communication or car allowances. For purposes of this paragraph, "car allowances" does not include travel expenses incurred as described in paragraph (1).

(3) An appointed director may waive the reimbursement and compensation described in paragraph (1) and may be required to reimburse his or her employer for any compensation received.

III. Positions of the Parties and Interested Parties

A. Central Basin Municipal Water District

The claimant alleges that the addition of Water Code sections 71265 through 71267 resulted in reimbursable increased costs mandated by the state. The claimant alleges new activities and increased actual costs totaling \$217,948 for fiscal year 2016-2017,⁴⁴ as follows:

- 1) Capital improvements to expand the district's board room dais from five to eight seats, and expand the parking lot.

⁴⁴ Exhibit A, Test Claim, page 10. However, on page 8, the claimant states that the actual increased costs for fiscal year 2016-2017 totaled \$181,765.

- 2) Project management to oversee building improvements to the board room and parking lot.
- 3) Executive time and expenses in conducting the appointment process of three additional directors. The General Manager's time was spent on planning, directing, coordinating and overseeing the orientation, nomination and election of water purveyor representatives to the District's Board of Directors.
- 4) Obtaining legal services in the implementation and defense of AB 1794 in two lawsuits.
- 5) Meetings with the water purveyors responsible to appoint the three additional directors during a seven month period from September 2016 to March 2017. Costs were also incurred for meals provided during these meetings.
- 6) Staff time and expenses in conducting the appointment process of three additional directors. Staff members created a database of water purveyors, verified contact information and mailing addresses, drafted a memorandum and nomination forms, and mailed the information to the water purveyors. After the nomination process, staff prepared the ballots and mailed the information. Upon receiving the ballots, staff opened them and documented the results.
- 7) Additional staff time for the implementation of AB 1794. At the request of the Board of Directors, staff was asked to prepare a written report on the implementation process for the test claim statute.
- 8) Compensation, travel and administrative/office expenses (which included expenses for registration and dues, housing and accommodations, meals, photography services, office supplies, and miscellaneous expenses) for the three additional directors.⁴⁵

The claimant also alleges estimated annual costs of \$18,488 for compensation, travel, and administrative expenses for the three new directors, and \$160,371 in legal fees and staff costs to write the election process in the claimant's Administrative Code and expenses incurred in two cases in litigation relating to the test claim statute.⁴⁶

The claimant contends that it is eligible to claim reimbursement because it receives "proceeds of taxes" and is subject to the tax and spend limitations of articles XIII A and B. The claimant relies on documentation from the County of Los Angeles that shows the claimant will receive \$3.3 million for standby charges consistent with the County of Los Angeles' property tax remittance schedule.⁴⁷

The claimant further asserts that nothing in article XIII B, section 6 requires that a claimant must receive property tax revenue to be eligible to claim reimbursement. "In the decades since [*County of Fresno v. State of California*] was issued, not only has there been a complete turnover

⁴⁵ Exhibit A, Test Claim, pages 4-9.

⁴⁶ Exhibit A, Test Claim, pages 12-13.

⁴⁷ Exhibit A, Test Claim, pages 286, 290.

in the composition of the court but the landscape of local government financing has been changed by the passage of Proposition 218 in November of 1996”⁴⁸

In addition, the claimant states that the test claim statute did nothing to add a new service or to expand current services, and instead increased the overhead of the claimant by amending the governing board, as follows:

The District, as a water wholesale agency, purchases both potable and recycled water, and sells it to retail agencies. The implementation of AB 1794 did nothing to add a new service to the services of the District or to expand its current services; the legislation increased the overhead of the District by amending the governing board. It is the expansion of the board and the express procedure for selecting the three new members that is the mandated new program, applicable only to this one water district. As such, the District should be reimbursed by way of approval of its SB 90 test claim.⁴⁹

In its Appeal of Executive Director’s Decision to reject the Test Claim filing finding claimant to be ineligible for subvention, the claimant asserts that article XIII B, section 6 of the California Constitution does not require that the district receive the proceeds of taxes in order to seek reimbursement for its expenses.⁵⁰ The claimant further asserts that section 2 of AB 1794 did not require that the district be a recipient of property taxes to seek reimbursement, and also that reimbursement appeared to be mandatory according to the language used therein.⁵¹

B. Department of Finance

Finance urges the Commission to deny this Test Claim.⁵² Finance argues that the claimant is ineligible for reimbursement, as it is a local agency financed entirely by fees and other non-tax revenue, and is not subject to the taxing and spending limitations of article XIII B, section 6.⁵³ Finance further contends that even if the claimant were eligible to claim reimbursement, the activities it performed pursuant to the test claim statute do not qualify for reimbursement, as they do not constitute a new program or higher level of service.⁵⁴ Lastly, Finance notes that many of the activities for which the claimant seeks reimbursement were not required by the test claim statute, such as expenses for meals at the installation ceremony for the three new directors

⁴⁸ Exhibit A, Test Claim, page 287.

⁴⁹ Exhibit A, Test Claim, page 288. Note that SB 90 refers to a long obsolete Revenue and Tax Code system for providing mandate reimbursement, which was quasi-legislative in nature. We presume that claimant actually intends to seek subvention pursuant to article XIII B, section 6 of the California Constitution and Government Code section 17500 et seq.

⁵⁰ Exhibit B, Appeal of Executive Director’s Decision, page 1.

⁵¹ Exhibit B, Appeal of Executive Director’s Decision, page 2.

⁵² Exhibit D, Finance’s Comments on the Test Claim.

⁵³ Exhibit D, Finance’s Comments on the Test Claim, pages 1-2.

⁵⁴ Exhibit D, Finance’s Comments on the Test Claim, page 2.

(\$411.53), photographic prints of the new directors (\$211.68), and lunch meetings with the district's water purveyors regarding the nomination of the three new directors (\$1,623.23).⁵⁵

C. California Special Districts Association

The CSDA, as an interested person under the Commission's regulations⁵⁶, submitted comments on the Test Claim on April 30, 2018.⁵⁷ CSDA argues that "reasonable public policy warrants approval" of the Test Claim.⁵⁸ CSDA contends that past Commission interpretation of article XIII B, section 6 to protect only tax revenues and not the expenses that are recoverable from sources other than taxes, "fails to account for the ever-increasing series of constraints on the funding available to administer these services."⁵⁹ CSDA identifies the following constraints: Proposition 13, which drastically cut property tax revenue by nearly 50 percent, creating a funding deficit for local agencies; and Proposition 218, which imposed restrictions on special districts' authority to collect or increase fees and assessments. CSDA asserts that article XIII B, section 6 is designed "to protect local governments with constitutional funding limitations from shouldering the financial burden of the Legislature's preferred programs."⁶⁰ CSDA further asserts that the exclusion of local governments that do not receive property taxes or "proceeds of taxes" is contrary to the plain language of article XIII B, section 6, which provides subvention for all local governments. "The denial for subvention in the case of Central Basin Municipal Water District, and other enterprise special districts, results in the creation of a class of local governments and their citizens that must always bear the cost of state mandates through increased fees, even before clearing the uncertain Proposition 218 voter authorization hurdle for said fee increases, while others deemed as eligible under the current interpretation will see no fee increases."⁶¹

IV. Discussion

Article XIII B, section 6 of the California Constitution provides in relevant part the following:

Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds to reimburse such local government for the costs of such programs or increased level of service...

The purpose of article XIII B, section 6 is to "preclude the state from shifting financial responsibility for carrying out governmental functions to local agencies, which are 'ill equipped' to assume increased financial responsibilities because of the taxing and spending limitations that

⁵⁵ Exhibit D, Finance's Comments on the Test Claim, pages 2-3.

⁵⁶ California Code of Regulations, title 2, section 1181.2(j).

⁵⁷ Exhibit E, CSDA's Comments on the Test Claim.

⁵⁸ Exhibit E, CSDA's Comments on the Test Claim, page 1.

⁵⁹ Exhibit E, CSDA's Comments on the Test Claim, page 1.

⁶⁰ Exhibit E, CSDA's Comments on the Test Claim, page 2.

⁶¹ Exhibit E, CSDA's Comments on Test Claim, page 2.

articles XIII A and XIII B impose.”⁶² Thus, the subvention requirement of section 6 is “directed to state-mandated increases in the services provided by [local government] ...”⁶³

Reimbursement under article XIII B, section 6 is required when the following elements are met:

1. A state statute or executive order requires or “mandates” local agencies or school districts to perform an activity.⁶⁴
2. The mandated activity constitutes a “program” that either:
 - a. Carries out the governmental function of providing a service to the public; or
 - b. Imposes unique requirements on local agencies or school districts and does not apply generally to all residents and entities in the state.⁶⁵
3. The mandated activity is new when compared with the legal requirements in effect immediately before the enactment of the test claim statute or executive order and it increases the level of service provided to the public.⁶⁶
4. The mandated activity results in the local agency or school district incurring increased costs, within the meaning of section 17514. Increased costs, however, are not reimbursable if an exception identified in Government Code section 17556 applies to the activity.⁶⁷

The Commission is vested with the exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6 of the California Constitution.⁶⁸ The determination whether a statute or executive order imposes a reimbursable state-mandated program is a question of law.⁶⁹ In making its decisions, the Commission must strictly construe article XIII B, section 6 of the California Constitution, and not apply it as an

⁶² *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 81.

⁶³ *County of Los Angeles v. State of California* (1987) 43 Cal.3d 46, 56.

⁶⁴ *San Diego Unified School Dist. v. Commission on State Mandates* (2004) 33 Cal.4th 859, 874.

⁶⁵ *San Diego Unified School Dist. v. Commission on State Mandates* (2004) 33 Cal.4th 859, 874-875 (reaffirming the test set out in *County of Los Angeles v. State of California* (1987) 43 Cal.3d 46, 56).

⁶⁶ *San Diego Unified School Dist.* (2004) 33 Cal.4th 859, 874-875, 878; *Lucia Mar Unified School District v. Honig* (1988) 44 Cal.3d 830, 835.

⁶⁷ *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1265, 1284; Government Code sections 17514 and 17556.

⁶⁸ *Kinlaw v. State of California* (1991) 53 Cal.3d 482, 487.

⁶⁹ *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 109.

“equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities.”⁷⁰

A. This Test Claim was Timely Filed Pursuant to Government Code section 17551.

Government Code section 17551(c) provides that a test claim must be filed “not later than 12 months after the effective date of the statute or executive order, or within 12 months of incurring increased costs as a result of a statute or executive order, whichever is later.” This Test Claim was filed on September 20, 2017, and is therefore timely, as it was filed within 12 months of January 1, 2017, the effective date of the test claim statute.

B. The Claimant, a Special District, Is Not Eligible to Claim Reimbursement Under Article XIII B, Section 6, Because There Is No Evidence That the Claimant Receives Any Proceeds of Taxes Subject to the Appropriations Limit of Article XIII B.

1. To be eligible for reimbursement under section 6, a local agency must be subject to the taxing and spending limitations of articles XIII A and XIII B of the California Constitution.

The courts have made it clear that the reimbursement requirement in article XIII B, section 6 of the California Constitution must be interpreted in context with articles XIII A and XIII B, which “work in tandem, together restricting California governments’ power both to levy and to spend taxes for public purposes.”⁷¹

In 1978, the voters adopted Proposition 13, which added article XIII A to the California Constitution. Article XIII A drastically reduced property tax revenue previously enjoyed by local governments by providing that “the maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property,” and that the one percent (1%) tax was to be collected by counties and “apportioned according to law to the districts within the counties...”⁷² In addition to limiting the property tax, section 4 also restricts a local government’s ability to impose special taxes by requiring a two-thirds approval by voters.⁷³

Article XIII B was adopted by the voters as Proposition 4 less than 18 months after the addition of article XIII A to the state Constitution, and was billed as “the next logical step to Proposition 13.”⁷⁴ While article XIII A is aimed at controlling ad valorem property taxes and the imposition of new special taxes, “the thrust of article XIII B is toward placing certain limitations on the

⁷⁰ *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1265, 1280 [citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817].

⁷¹ *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 486; *Dept. of Finance v. Commission on State Mandates* (2016) 1 Cal.5th 749, 763 [quoting *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 81].

⁷² California Constitution, article XIII A, section 1 (adopted June 6, 1978).

⁷³ California Constitution, article XIII A, section 1 (adopted June 6, 1978).

⁷⁴ *County of Placer v. Corin* (1980) 113 Cal.App.3d 443, 446.

growth of appropriations at both the state and local government level; in particular, Article XIII B places limits on the authorization to expend the ‘proceeds of taxes.’”⁷⁵

Article XIII B established an “appropriations limit,” or spending limit for each “entity of local government” beginning in fiscal year 1980-1981.⁷⁶ Specifically, the appropriations limit provides as follows:

The total annual appropriations subject to limitation of the State and of each local government shall not exceed the appropriations limit of the entity of government for the prior year adjusted for the change in the cost of living and the change in population, except as otherwise provided in this article.⁷⁷

No “appropriations subject to limitation” may be made in excess of the appropriations limit, and revenues received in excess of authorized appropriations must be returned to the taxpayers within the following two fiscal years.⁷⁸

Article XIII B does not limit the ability to expend government funds collected from *all sources*; the appropriations limit is based on “appropriations subject to limitation,” which means, pursuant to article XIII B, section 8, “any authorization to expend during a fiscal year the *proceeds of taxes* levied by or for that entity.”⁷⁹ For local agencies, “proceeds of taxes” subject to the appropriations limit include all tax revenues; proceeds from regulatory charges and fees *to the extent such proceeds exceed the costs reasonably borne by government in providing the product or service*; the investment of tax revenue; and subventions received from the state (other than pursuant to section 6).⁸⁰

However, no limitation is placed on the expenditure of those revenues that do not constitute “proceeds of taxes.”⁸¹ For example, appropriations subject to limitation do not include “local agency loan funds or indebtedness funds, investment (or authorizations to invest) funds of the state, or of an entity of local government in accounts at banks or savings and loan associations or

⁷⁵ *County of Placer v. Corin* (1980), 113 Cal.App.3d 443, 446.

⁷⁶ California Constitution, article XIII B, section 8(h) (adopted Nov. 6, 1979; amended by Proposition 111, June 5, 1990).

⁷⁷ California Constitution, article XIII B, section 1 (adopted Nov. 6, 1979; amended by Proposition 111, June 5, 1990).

⁷⁸ California Constitution, article XIII B, section 2 (adopted Nov. 6, 1979; amended by Proposition 111, June 5, 1990).

⁷⁹ California Constitution, article XIII B, section 8 (adopted Nov. 6, 1979; amended by Proposition 111, June 5, 1990) [emphasis added].

⁸⁰ California Constitution, article XIII B, section 8; *County of Placer v. Corin* (1980) 113 Cal.App.3d 443, 448.

⁸¹ *County of Placer v. Corin* (1980) 113 Cal.App.3d 443, 447.

in liquid securities.”⁸² With respect to special districts, article XIII B, section 9 provides a specific exclusion from the appropriations limit as follows:

“Appropriations subject to limitation’ for each entity of government *shall not include*: [¶...¶] (c) Appropriations of any special district which existed on January 1, 1978, and which did not as of the 1977-78 fiscal year levy an ad valorem tax on property in excess of 12 ½ cents per \$100 of assessed value; or the appropriations of any special district then existing or thereafter created by a vote of the people, which is totally funded by *other than the proceeds of taxes*.”⁸³

Thus, a special district that existed in 1977-78 and did not share in ad valorem property taxes, or one that was created later and is funded entirely by “other than the proceeds of taxes,” is not subject to the appropriations limit.

In 1980, the year following the adoption of article XIII B, the Third District Court of Appeal, in *County of Placer v. Corin*, found that a local special assessment for the construction of public improvements was not included within the definition of “proceeds of taxes,” and thus the proceeds of that assessment were not required to be included within the budgeted “appropriations subject to limitation.”⁸⁴ The court explained that article XIII B’s limitation on the expenditure of “proceeds of taxes” does not limit the ability to expend government funds from *all sources*, but contemplates only the expenditure of “impositions which raise general tax revenues for the entity” as follows:

Under Article XIII B, with the exception of state subventions, the items that make up the scope of “proceeds of taxes” concern charges levied to raise general revenues for the local entity. “Proceeds of taxes,” in addition to “all tax revenues” includes “proceeds ...from ... ‘regulatory licenses, user charges, and user fees (only)’ to the extent that such proceeds exceed the costs reasonably borne by such entity in providing the regulation, product or service...” (§ 8, subd. (c)) ... Such “excess” regulatory or user fees are but taxes for the raising of general revenue for the entity. [Citations omitted.] Moreover, to the extent that

⁸² California Constitution, article XIII B, section 8(i) (adopted Nov. 6, 1979; amended by Proposition 111, June 5, 1990).

⁸³ California Constitution, article XIII B, section 9(c) (adopted Nov. 6, 1979; amended by Proposition 111, June 5, 1990); see also, Government Code section 7901(e), a statute which implements and defines terms used in article XIII B, including appropriations subject to limitation, which similarly provides the following: ““Local agency” means a city, county, city and county, special district, authority or other political subdivision of the state, except a school district... The term “special district” *shall not include* any district which (1) existed on January 1, 1978 and did not possess the power to levy a property tax at that time or did not levy or have levied on its behalf, an ad valorem property tax rate on all taxable property in the district on the secured roll in excess of 12 ½ cents per \$100 of assessed value for the 1977-78 fiscal year, or (2) existed on January 1, 1978, or was thereafter created by a vote of the people, and is totally funded by revenues other than the proceeds of taxes as defined in subdivision (c) of Section 8 of Article XIII B of the California Constitution.”

⁸⁴ *County of Placer v. Corin* (1980) 113 Cal.App.3d 443.

an assessment results in revenue above the cost of the improvement or is of general public benefit, it is no longer a special assessment but a tax. [Citation omitted.] We conclude “proceeds of taxes” generally contemplates only those impositions which raise general tax revenues for the entity.

... Special assessments are not taxes, and are not levied for general revenue purposes. We are unable to find anything in Article XIII B to indicate that “proceeds of taxes” were intended to include special assessment proceeds.⁸⁵

In 1991, the California Supreme Court reiterated that article XIII B was not intended to reach beyond taxation:

Article XIII B of the Constitution, however, *was not intended to reach beyond taxation*. That fact is *apparent from the language of the measure*. It is confirmed by its history. In his analysis, the Legislative Analyst declared that Proposition 4 “would not restrict the growth in appropriations financed from other [i.e., nontax] sources of revenue, including federal funds, bond funds, traffic fines, user fees based on reasonable costs, and income from gifts.” (Ballot Pamp., Proposed Stats. and Amends. to Cal. Const. with arguments to voters, Special Statewide Elec. (Nov. 6, 1979), analysis by Legislative Analyst, p. 16.)⁸⁶

Section 6 was included in article XIII B to require that “[w]henver the Legislature or any state agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse that local government for the costs of the program or increased level of service...”⁸⁷ Article XIII B, section 6 was specifically designed to protect the *tax revenues* of local governments from state mandates that would require expenditure of tax revenues:

Section 6 was included in article XIII B in recognition that article XIII A of the Constitution severely restricted the taxing powers of local governments. (See *County of Los Angeles I, supra*, 43 Cal.3d at p. 61.) The provision was intended to preclude the state from shifting financial responsibility for carrying out governmental functions onto local entities that were ill equipped to handle the task. (*Ibid.*; see *Lucia Mar Unified School Dist. v. Honig* (1988) 44 Cal.3d 830, 836, fn. 6.) Specifically, it was designed to protect the tax revenues of local governments from state mandates that would require expenditure of such revenues. Thus, although its language broadly declares that the “state shall provide a subvention of funds to reimburse ... local government for the costs [of a state-mandated new] program or higher level of service,” read in its textual and historical context section 6 of article XIII B requires subvention only when the costs in question can be recovered *solely from tax revenues*.⁸⁸

⁸⁵ *County of Placer v. Corin* (1980) 113 Cal.App.3d 443, 451-452.

⁸⁶ *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487.

⁸⁷ California Constitution article XIII B, section 6(a) (adopted Nov. 6, 1979).

⁸⁸ *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487 [emphasis in original].

The California Supreme Court most recently recognized that the purpose of section 6 was to preclude “the state from shifting financial responsibility for carrying out governmental functions to local agencies, which are ‘ill equipped’ to assume increased financial responsibilities *because of the taxing and spending limitations that articles XIII A and XIII B impose.*”⁸⁹

Thus, article XIII B, section 6 must be read in light of the tax and spend limitations imposed by articles XIII A and XIII B, and requires the state to provide reimbursement only when a local agency is mandated by the state to expend proceeds of taxes subject to the appropriations limit of article XIII B.

In this respect, not every local agency is subject to the restrictions of article XIII B, and therefore not every local agency is entitled to reimbursement under article XIII B. Redevelopment agencies, for example, have been identified by the courts as being exempt from the restrictions of article XIII B. In *Bell Community Redevelopment Agency v. Woolsey*, the Second District Court of Appeal concluded that a redevelopment agency’s power to issue bonds, and to repay those bonds with its tax increment, was not subject to the spending limit of article XIII B. The court reasoned that to construe tax increment payments as appropriations subject to limitation “would be directly contrary to the mandate of section 7,” which provides that “[n]othing in this Article shall be construed to impair the ability of the state or of any local government to meet its obligations with respect to existing or future bonded indebtedness.”⁹⁰ In addition, the court found that article XVI, section 16, addressing the funding of redevelopment agencies, was inconsistent with the limitations of article XIII B:

Article XVI, section 16, provides that tax increment revenues “may be irrevocably pledged” to the payment of tax allocation bonds. If bonds must annually compete for payment within an annual appropriations limit, and their payment depend upon complying with the such limit [*sic*], it is clear that tax allocation proceeds cannot be irrevocably pledged to the payment of the bonds. Annual bond payments would be contingent upon factors extraneous to the pledge. That is, bond payments would be revocable every year of their life to the extent that they conflicted with an annual appropriation limit. The untoward effect would be that bonds would become unsaleable because a purchaser could not depend upon the agency having a sure source of payment for such bonds.⁹¹

The court therefore concluded that redevelopment agencies could not reasonably be subject to article XIII B, and therefore upheld Health and Safety Code section 33678, and ordered that the writ issue to compel Woolsey to publish the notice.⁹²

⁸⁹ *Dept. of Finance v. Commission on State Mandates* (2016) 1 Cal.5th 749, 763 [quoting *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 81].

⁹⁰ *Bell Community Redevelopment Agency v. Woolsey* (1985) 169 Cal.App.3d 24, 31.

⁹¹ *Bell Community Redevelopment Agency v. Woolsey* (1985) 169 Cal.App.3d 24, 31.

⁹² *Bell Community Redevelopment Agency v. Woolsey* (1985) 169 Cal.App.3d 24, 33-34.

Similarly, in *Redevelopment Agency of San Marcos v. Commission on State Mandates*,⁹³ the Fourth District Court of Appeal held that redevelopment agencies were not eligible to claim reimbursement because Health and Safety Code section 33678 exempted tax increment financing, their primary source of revenue, from the limitations of article XIII B:

Because of the nature of the financing they receive, tax increment financing, redevelopment agencies are not subject to this type of appropriations limitations or spending caps; they do not expend any “proceeds of taxes.” Nor do they raise, through tax increment financing, “general revenues for the local entity.” The purpose for which state subvention of funds was created, to protect local agencies from having the state transfer its cost of government from itself to the local level, is therefore not brought into play when redevelopment agencies are required to allocate their tax increment financing in a particular manner...

For all these reasons, we conclude the same policies which support exempting tax increment revenues from article XIII B appropriations limits also support denying reimbursement under section 6... [The] costs of depositing tax increment revenues in the Housing Fund are attributable not directly to tax revenues, but to the benefit received by the Agency from the tax increment financing scheme, which is one step removed from other local agencies’ collection of tax revenues.⁹⁴

In 2000, the Third District Court of Appeal, in *City of El Monte v. Commission on State Mandates*, affirmed the reasoning of the *Redevelopment Agency of San Marcos* decision, holding that a redevelopment agency cannot accept the benefits of an exemption from article XIII B’s spending limit while asserting an entitlement to reimbursement under article XIII B, section 6.⁹⁵

Thus, the courts, with these cases, have drawn a straight line from an agency’s primary sources of funding being exempt from the appropriations limit, to that same agency being ineligible to claim mandate reimbursement under section 6.

Accordingly, to be eligible for reimbursement under article XIII B, section 6, a local agency must be subject to the taxing and spending limitations of articles XIII A and XIII B of the California Constitution and be capable of being forced to expend “appropriations subject to limitation.”

2. The limitations imposed by Proposition 218 on the local authority to increase assessments, fees, or charges, does not make those revenues “proceeds of taxes” subject to the appropriations limit of article XIII B, or trigger the reimbursement requirements of article XIII B, section 6.

Despite the analysis above, the claimant and CSDA urge the Commission to consider the restrictions placed on special districts’ authority to impose assessments, fees, or charges by Proposition 218 to be part of the “increasingly limited revenue sources” that subvention under

⁹³ *Redevelopment Agency of San Marcos v. Commission on State Mandates* (1997) 55 Cal.App.4th 976).

⁹⁴ *Redevelopment Agency of San Marcos v. Commission on State Mandates* (1997) 55 Cal.App.4th 976, 986-987.

⁹⁵ *City of El Monte v. Commission on State Mandates* (2000) 83 Cal.App.4th 266, 281-282.

section 6 was intended to protect. The claimant and CSDA would have the Commission broadly interpret and extend the subvention requirement and treat fee authority subject to Proposition 218 as proceeds of taxes, to advance the goal of precluding the state from shifting financial responsibility for carrying out governmental functions onto local entities that are ill equipped to handle the task.

Proposition 218 added article XIII D to the California Constitution in 1996 to place additional limits on the authority of local government to impose or increase assessments, fees, and charges, by imposing voter approval and public notice requirements before raising property-related fees or assessments, and allows for majority written protests to invalidate such fees.

However, nothing in the express language of Proposition 218 expands the scope of article XIII B or draws any direct comparison to the relationship between articles XIII A or XIII B. Had the voters that adopted Proposition 218 intended to link article XIII D with article XIII B, or to broaden the scope of article XIII B to include fees and assessments limited by article XIII D, or to provide relief within article XIII B, section 6 because of the limitations imposed on fees and assessments, they could have expressly provided for such a link. Instead, the voters on Proposition 218 were warned of “[s]hort-term local revenue losses of more than \$100 million annually” and “[l]ong-term local government revenue losses of potentially hundreds of millions of dollars annually.”⁹⁶ The proponents of Proposition 218 also noted:

There are now over 5,000 local districts which can impose fees and assessments without the consent of local voters. Special districts have increased assessments by over 2400% over 15 years. Likewise, cities have increased utility taxes 415% and raised benefit assessments 976%, a tenfold increase.⁹⁷

There is no indication in the ballot materials that state mandate reimbursement was intended to supplement or replace the potential revenue lost by imposing public hearing requirements and allowing for written protests to invalidate new or increased water service fees imposed by special districts.

The voters that adopted article XIII B, on the other hand, clearly intended to impose an appropriations limit *only* on tax revenues; they expressed no intention to limit the expenditure of fee or assessment revenues, or to require mandate reimbursement for expenditures that are not “proceeds of taxes.” Indeed, the voters that adopted article XIII B were told explicitly that “[t]he initiative would not restrict the growth in appropriations financed from *other sources of revenue*...”⁹⁸ In addition, voters were told that article XIII B “WILL NOT prevent state and local governments from providing essential services...[¶]...[¶] and] WILL NOT favor one group of

⁹⁶ Exhibit X, Ballot Pamphlet, General Election (Nov. 5, 1996) Summary of Legislative Analyst’s Estimate of Net State and Local Government Fiscal Impact of Proposition 218, page 72.

⁹⁷ Exhibit X, Ballot Pamphlet, General Election (Nov. 5, 1996) argument in favor of Proposition 218, page 76.

⁹⁸ Exhibit X, Ballot Pamphlet, General Election (Nov. 7, 1979) analysis by the Legislative Analyst of Proposition 4 [emphasis added].

taxpayers over another.”⁹⁹ Therefore, the voters who adopted article XIII B clearly envisioned user fees and local special assessments would continue to provide funding for essential services, including those only benefiting a small group of property owners or residents.¹⁰⁰ A subsequent decision by the voters to provide a check on the use of fees and assessments does not of itself alter the original intent of article XIII B.

It may be, as the claimant and CSDA assert, that raising additional fee or assessment revenue is made more difficult, both procedurally and substantively, by Proposition 218. But nothing in Proposition 218, either expressly or by implication, broadens the scope and applicability of article XIII B, including section 6, to compel mandate reimbursement for the revenue sources that some speculate Proposition 218 could curtail. To now revise the scope of article XIII B (without Constitutional amendment or legislation) to require mandate reimbursement for expenditures from revenues other than proceeds of taxes would violate the intent of the voters that adopted article XIII B, and the plain language of article XIII B, section 9(c) and Government Code 7901(e), which specifically excludes from the definition of “special district” for purposes of the appropriations limit in article XIII B, a district which is totally funded by revenues other than proceeds of taxes.

Article XIII B is clear. A local agency that is funding by assessment, fees, and charges, or any combination of revenues “other than the proceeds of taxes” is an agency that is not subject to the appropriations limit, and therefore not entitled to subvention. This interpretation is supported by decades of mandates precedent and is consistent with the purpose of article XIII B. As discussed above, “Section 6 was included in article XIII B in recognition that article XIII A...severely restricted the taxing powers of local governments.”¹⁰¹ Article XIII B “was not intended to reach beyond taxation...” and “would not restrict the growth in appropriations financed from other [i.e., nontax] sources of revenue...”¹⁰²

Accordingly, the limitations imposed by Proposition 218 on the local authority to increase assessments, fees, or charges, does not make those revenues “proceeds of taxes” subject to the appropriations limit of article XIII B, or trigger the reimbursement requirements of article XIII B, section 6.

⁹⁹ Exhibit X, Ballot Pamphlet, General Election (Nov. 7, 1979) arguments in favor of Proposition 4.

¹⁰⁰ See, *County of Placer v. Corin* (1980) 113 Cal.App.3d 443, 453; *County of Fresno v. Malmstrom* (1979) 94 Cal.App.3d 974, 981 [Broad reading of appropriations limit creates “Hobson's choice of spending general tax funds either for expenditures to benefit the public at large or for projects to benefit certain individual property owners by funding improvements such as the construction of streets, sidewalks, gutters and sewers.”].

¹⁰¹ *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487.

¹⁰² *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487.

3. There is no evidence in the record that the claimant receives any proceeds of taxes subject to the appropriations limit of article XIII B and, therefore, claimant is not eligible to claim reimbursement under section 6.

As indicated above, article XIII B, section 6 requires the state to provide reimbursement only when a local agency is mandated by the state to expend funds subject to the appropriations limit of article XIII B. And, article XIII B, section 9(c) specifically provides that special districts that existed in 1977-78 and did not share in ad valorem property taxes, or were created later and are funded entirely by “other than the proceeds of taxes,” are not subject to the appropriations limit.

The claimant, having been established in 1952, clearly existed on January 1, 1978. Although the claimant is theoretically able to impose special taxes pursuant to Article XIII C, section 2(a) of the California Constitution and certain provisions in the 1911 Act,¹⁰³ there is no evidence in the record that it has ever done so. In fact, all evidence in the record indicates that the claimant’s revenues derive solely from its fee authority and grant funds. The 2015 audit report issued by the Bureau of State Audits and the claimant’s operating budget for fiscal year 2016-2017 identify revenues from sales of imported water, sales of recycled water, revenues from standby charges, grant funding, and other revenues from deliveries of treated water, investment income, and other miscellaneous sources.¹⁰⁴ These documents do not identify the receipt of any “proceeds of taxes” as defined in article XIII B, section 8. Although the standby charges are collected with a landowner’s property taxes,¹⁰⁵ the standby charges are not converted to property taxes. Standby charges are, by definition, assessments.¹⁰⁶

Moreover, special districts are required by law to annually submit financial transaction reports to the State Controller’s Office, which “shall include the appropriations limits and the total annual appropriations subject to limitation.”¹⁰⁷ The Controller’s Last Special District Annual Report

¹⁰³ Water Code, sections 72090 and 72090.5.

¹⁰⁴ Exhibit X, Bureau of State Audits (BSA) Audit Report 2015-102 (Dec. 2015), “Central Basin Municipal Water District – Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill its Responsibilities,” <https://www.auditor.ca.gov/pdfs/reports/2015-102.pdf>, accessed October 8, 2018, pages 19-20; Exhibit X, Central Basin Municipal Water District Adopted Operating Budget & Capital Improvement Projects/Grant Projects Budget, Fiscal Year 2016-17 (July 2016), https://www.centralbasin.org/UserFiles/Servers/Server_8977649/File/About%20Us/Departments/Finance/Budget%20and%20Water%20Rates/Adopted%20Budget%20for%20FY%202016-17_FINAL_0.pdf, accessed October 15, 2018, pages 10-13, 43.

¹⁰⁵ Exhibit A, Test Claim, page 290.

¹⁰⁶ Water Code section 71630, which states the following: “The district by ordinance may, pursuant to the notice, protest, and hearing procedures in Section 53753 of the Government Code, fix on or before the third Monday of August, in each fiscal year, a water standby *assessment* or availability charge in the district, in any portion thereof, or in any improvement district, to which water is made available by the district, whether the water is actually used or not.”

¹⁰⁷ Government Code section 12463.

showed that claimant had no appropriations subject to limitation.¹⁰⁸ The Controller's open data site no longer provides information regarding special districts' reporting on appropriations limits. However, the claimant has neither asserted nor provided any evidence to show that it has reported to the Controller's Office any appropriations subject to limitation.

Accordingly, the Commission finds that there is no evidence in the record that the claimant receives any proceeds of taxes subject to the appropriations limit of article XIII B and, therefore, is not eligible to claim mandate reimbursement under section 6.

With this conclusion, the Commission does not reach the issues of whether the test claim statute mandates a new program or higher level of service, or results in increased costs mandated by the state within the meaning of Government Code sections 17514 and 17556.

V. Conclusion

Based on the foregoing analysis, the Commission denies this Test Claim.

¹⁰⁸ Exhibit X, Excerpt from the State Controller's Special District Annual Report 2012.

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

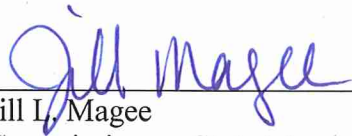
On November 19, 2018, I served the:

- **Draft Proposed Decision, Schedule for Comments, and Notice of Hearing issued November 19, 2018**

Central Basin Municipal Water District Governance Reform, 17-TC-02
Water Code Sections 71265, 71266, and 71267;
Statutes 2016, Chapter 401 (AB 1794)
Central Basin Municipal Water District, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on November 19, 2018 at Sacramento, California.



Jill L. Magee
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 11/19/18

Claim Number: 17-TC-02

Matter: Central Basin Municipal Water District Governance Reform

Claimant: Central Basin Municipal Water District

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

Socorro Aquino, *State Controller's Office*

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-7522

SAquino@sco.ca.gov

Harmeet Barkschat, *Mandate Resource Services, LLC*

5325 Elkhorn Blvd. #307, Sacramento, CA 95842

Phone: (916) 727-1350

harmeet@calsdrc.com

Lacey Baysinger, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-0254

lbaysinger@sco.ca.gov

Allan Burdick,

7525 Myrtle Vista Avenue, Sacramento, CA 95831

Phone: (916) 203-3608

allanburdick@gmail.com

J. Bradley Burgess, *MGT of America*

895 La Sierra Drive, Sacramento, CA 95864

Phone: (916) 595-2646

Bburgess@mgtamer.com

Evelyn Calderon-Yee, Bureau Chief, *State Controller's Office*

Local Government Programs and Services, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-5919

ECalderonYee@sco.ca.gov

Gwendolyn Carlos, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 323-0706
gcarlos@sco.ca.gov

Annette Chinn, *Cost Recovery Systems, Inc.*
705-2 East Bidwell Street, #294, Folsom, CA 95630
Phone: (916) 939-7901
achinnrcs@aol.com

Carolyn Chu, Senior Fiscal and Policy Analyst, *Legal Analyst's Office*
925 L Street, Sacramento, CA 95814
Phone: (916) 319-8326
Carolyn.Chu@lao.ca.gov

Anita Dagan, Manager, Local Reimbursement Section, *State Controller's Office*
Local Government Programs and Services Division, Bureau of Payments, 3301 C Street, Suite 740,
Sacramento, CA 95816
Phone: (916) 324-4112
Adagan@sco.ca.gov

Raj Dixit, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
raj.dixit@csm.ca.gov

Donna Ferebee, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
donna.ferebee@dof.ca.gov

Susan Geanacou, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
susan.geanacou@dof.ca.gov

Dillon Gibbons, Legislative Representative, *California Special Districts Association*
1112 I Street Bridge, Suite 200, Sacramento, CA 95814
Phone: (916) 442-7887
dillong@csda.net

Heather Halsey, Executive Director, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
heather.halsey@csm.ca.gov

Chris Hill, Principal Program Budget Analyst, *Department of Finance*
Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Chris.Hill@dof.ca.gov

Kevin Hunt, General Manager, *Central Basin Municipal Water District*
Claimant Representative
6252 Telegraph Road, Commerce, CA 90040
Phone: (323) 201-5500
kevinh@centralbasin.org

Edward Jewik, *County of Los Angeles*
Auditor-Controller's Office, 500 W. Temple Street, Room 603, Los Angeles, CA 90012

Phone: (213) 974-8564
ejewik@auditor.lacounty.gov

Jill Kanemasu, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-9891
jkanemasu@sco.ca.gov

Anita Kerezsi, *AK & Company*

2425 Golden Hill Road, Suite 106, Paso Robles, CA 93446

Phone: (805) 239-7994
akcompanysb90@gmail.com

Lisa Kurokawa, Bureau Chief for Audits, *State Controller's Office*

Compliance Audits Bureau, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 327-3138
lkurokawa@sco.ca.gov

Erika Li, Program Budget Manager, *Department of Finance*

915 L Street, 10th Floor, Sacramento, CA 95814

Phone: (916) 445-3274
erika.li@dof.ca.gov

Jill Magee, Program Analyst, *Commission on State Mandates*

980 9th Street, Suite 300, Sacramento, CA 95814

Phone: (916) 323-3562
Jill.Magee@csm.ca.gov

Michelle Mendoza, *MAXIMUS*

17310 Red Hill Avenue, Suite 340, Irvine, CA 95403

Phone: (949) 440-0845
michellemendoza@maximus.com

Meredith Miller, Director of SB90 Services, *MAXIMUS*

3130 Kilgore Road, Suite 400, Rancho Cordova, CA 95670

Phone: (972) 490-9990
meredithcmiller@maximus.com

Lourdes Morales, Senior Fiscal and Policy Analyst, *Legal Analyst's Office*

925 L Street, Sacramento, CA 95814

Phone: (916) 319-8320
Lourdes.Morales@LAO.CA.GOV

Andy Nichols, *Nichols Consulting*

1857 44th Street, Sacramento, CA 95819

Phone: (916) 455-3939
andy@nichols-consulting.com

Arthur Palkowitz, *Artiano Shinoff*

2488 Historic Decatur Road, Suite 200, San Diego, CA 92106

Phone: (619) 232-3122
apalkowitz@as7law.com

Steven Pavlov, Budget Analyst, *Department of Finance*

Local Government Unit, 915 L Street, Sacramento, CA 95814

Phone: (916) 445-3274
Steven.Pavlov@dof.ca.gov

Jai Prasad, *County of San Bernardino*

Office of Auditor-Controller, 222 West Hospitality Lane, 4th Floor, San Bernardino, CA 92415-0018
Phone: (909) 386-8854
jai.prasad@atc.sbcounty.gov

Mark Rewolinski, *MAXIMUS*
808 Moorefield Park Drive, Suite 205, Richmond, VA 23236
Phone: (949) 440-0845
markrewolinski@maximus.com

Theresa Schweitzer, *City of Newport Beach*
100 Civic Center Drive, Newport Beach, CA 92660
Phone: (949) 644-3140
tschweitzer@newportbeachca.gov

Camille Shelton, Chief Legal Counsel, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
camille.shelton@csm.ca.gov

Carla Shelton, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
carla.shelton@csm.ca.gov

Jim Spano, Chief, Mandated Cost Audits Bureau, *State Controller's Office*
Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 323-5849
jspano@sco.ca.gov

Dennis Speciale, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 324-0254
DSpeciale@sco.ca.gov

Joe Stephenshaw, Director, *Senate Budget & Fiscal Review Committee*
California State Senate, State Capitol Room 5019, Sacramento, CA 95814
Phone: (916) 651-4103
Joe.Stephenshaw@sen.ca.gov

Derk Symons, Staff Finance Budget Analyst, *Department of Finance*
Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Derk.Symons@dof.ca.gov

Jolene Tollenaar, *MGT of America*
2251 Harvard Street, Suite 134, Sacramento, CA 95815
Phone: (916) 243-8913
jolenetollenaar@gmail.com

Evelyn Tseng, *City of Newport Beach*
100 Civic Center Drive, Newport Beach, CA 92660
Phone: (949) 644-3127
etseng@newportbeachca.gov

Brian Uhler, Principal Fiscal & Policy Analyst, *Legislative Analyst's Office*
925 L Street, Suite 1000, Sacramento, CA 95814
Phone: (916) 319-8328
Brian.Uhler@LAO.CA.GOV

Renee Wellhouse, *David Wellhouse & Associates, Inc.*

3609 Bradshaw Road, H-382, Sacramento, CA 95927

Phone: (916) 797-4883

dwa-renee@surewest.net

Hasmik Yaghobyan, *County of Los Angeles*

Auditor-Controller's Office, 500 W. Temple Street, Room 603, Los Angeles, CA 90012

Phone: (213) 974-9653

hyaghobyan@auditor.lacounty.gov

BILL ANALYSIS

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CONCURRENCE IN SENATE AMENDMENTS

AB
1794 (Cristina Garcia)

As Amended August 15, 2016

Majority vote

| | | | | | |
|-----------|------|----------------|---------|------|-------------------|
| ASSEMBLY: | 78-0 | (June 2, 2016) | SENATE: | 31-4 | (August 19, 2016) |
| | | | | | |

Original Committee Reference: L. GOV.

SUMMARY: Establishes, in Municipal Water District Law, a governance structure for the Central Basin Municipal Water District Board of Directors.

The Senate amendments:

- 1)Remove all provisions relating to the creation and composition of a Technical Advisory Committee.
- 2)Revise the election date for the Central Basin Municipal Water District (District) Board of Directors from November 6, 2018, to November 8, 2022, to transition from the interim Board.

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- 3)Require the election of directors to be in accordance with the Uniform District Election Law.
- 4)Prohibit the appointment of directors from resulting in any of the following:
 - a) The appointment of three directors that are all employed by or representatives of all large water purveyors;
 - b) The appointment of three directors that are all employed by or representatives of all cities; and,
 - c) The appointment of three directors that are all employed by or representatives of all small water purveyors.
- 5)Delete the prohibition on a president, vice president, chief financial officer or shareholder of a private company that purchases water from the District from serving as an appointed director, and instead prohibit an appointed director from holding more than 0.5% ownership in a company regulated by the Public Utilities Commission.
- 6)Prohibit an appointed director from holding more than one consecutive term of office on the Board.

7)Require an appointed director to be subject to all applicable conflict-of-interest and ethics provisions and require that they recuse themselves from participating in a decision that could have a direct material benefit on the financial interests of the director.

8)Require an appointed director to be eligible for all of the following:

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- a) Reimbursement for travel and conference expenses pursuant to the District's Administrative Code;
- b) Compensation for up to 10 meetings per month at the per meeting rate provided in the District's Administrative Code; and,
- c) Health insurance benefits, if those benefits are not provided by the director's employer.

9)Prohibit an appointed director from being eligible to receive communication or car allowances. Clarify for the purposes of this bill car allowances does not include travel expenses, as specified.

10)Require the District to be subject to a specified statute in the Political Reform Act which imposes limits on, and requires disclosure of, contributions to public officials.

11)Add the following definitions:

- a) "Public water system" to mean a system for the provision of water for human consumption through pipes or other constructed conveyances that have 15 or more services connections or regularly serves at least 25 individuals daily at least 60 days out of the year, and includes specified water systems;
- b) "Relevant technical expertise" to mean "employment or consulting for a total period of at least five years, prior to the date of first appointment, in one or more positions materially responsible for performing services relating to the management, operations, engineering, construction,

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financing, contracting, regulation, or resource management of a public water system"; and,

- c) "Small water purveyor" to mean "a public water system with less than 5,000 connections".

12)Remove the urgency clause.

13)Provide that this bill only becomes operative if SB 953 (Lara) of this legislative session is enacted and becomes effective.

EXISTING LAW establishes the Municipal Water District Law, which

requires a municipal water district board of directors to consist of five members elected by the voters in each of the five divisions of the district.

AS PASSED BY THE ASSEMBLY, this bill:

- 1) Established, in Municipal Water District Law, a governance structure for the Board and required the Board to establish a Technical Advisory Committee.
- 2) Required the Board to be composed of seven directors, as follows:
 - a) Four directors elected by division by the voters of that division. Required each director to be a resident of the division he or she is elected from; and,
 - b) Three directors appointed by the water purveyors of the

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District, pursuant to the appointment process described in 4) below.

- 3) Established an interim governance structure for the Board until the directors elected, pursuant to 2) a) above, at the November 6, 2018, election take office. Required the Board to be composed of eight directors, as follows:
 - a) Five directors in accordance with the Municipal Water District Law which required each of the five directors to be a resident from the division which they are elected from; and
 - b) Three directors appointed by the water purveyors of the District, pursuant to the appointment process described in 4) below.
- 4) Established an appointment process for the three directors appointed by water purveyors every four years, as follows:
 - a) One director selected by large water purveyors from the nominees of large water purveyors. Required each water purveyor to have one vote.
 - b) One director selected by cities that are water purveyors of the District from the nominees of cities. Required each city to have one vote.
 - c) One director selected by all water purveyors of the District from any nominee. Established a weighted vote for each purveyor to reflect their number of service connections.

- 5) Established a nomination process and required each nominee

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that received the highest number of votes cast for each director to be appointed to the Board.

- 6) Required individuals nominated for an appointment to the Board

to demonstrate eligibility and relevant technical expertise, and required each appointed director to live or work within the District.

- 7) Prohibited an appointed director from holding elected office or from being a president, vice president, chief financial officer, or shareholder of a private company that purchases water from the District.
- 8) Required the Board to establish a Technical Advisory Committee composed of representatives of five water purveyors, as specified, selected by December 31, 2016. Required the Technical Advisory Committee to meet for specified purposes regarding the District's budget, changes to the administrative code, and procurement.
- 9) Defined "Large Water Purveyor" to mean one of the top five purveyors of water as measured by the total purchase of potable and recycled water from the District for the three prior fiscal years.
- 10) Contained an urgency clause.
- 11) Provided that, if the Commission on State Mandates determines that this bill contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made, pursuant to current law governing state mandated local costs.

FISCAL EFFECT: According to the Senate Appropriations Committee, unknown local costs, some of which may be reimbursable by the state General Fund. Potentially reimbursable costs may exceed \$100,000. Actual costs would

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depend upon a determination by the Commission on State Mandates regarding what expenses incurred by [the District] in implementing this bill are deemed to be subject to state reimbursement.

See staff comments in the [Senate Appropriations Committee] analysis from the August 1 hearing for a discussion of potentially reimbursable costs. Staff notes that the amendments adopted by this Committee reduce the potentially reimbursable costs. Specifically, eliminating the technical oversight committee and delaying the redistricting process until after the next census (at which time the District would be required to update district division boundaries anyway) would reduce local costs that may be subject to reimbursement.

COMMENTS:

- 1) Central Basin Municipal Water District. The District was formed in 1952 by the voters, pursuant to the Municipal Water District Act of 1911 to help mitigate the overpumping of groundwater in southeast Los Angeles County. The District is a member agency of Metropolitan Water District of Southern California (Metropolitan) and purchases imported water from Metropolitan to wholesale to 40 retail water agencies and one wholesaler, which includes cities, water districts, mutual water companies, investor-owned utilities, and private companies. A smaller source of the District's incoming revenue is from the sale of recycled water for municipal, commercial, and industrial use. The District serves nearly two million people in 24 cities in southeast Los Angeles County and in some unincorporated areas of the County.

The District is governed by a five-member Board with each director representing a division within the District. Voters within each division elect a director to a four-year term. There are no term limits for the Board as some directors are currently serving their fourth and fifth terms on the Board. Directors in three of the five divisions are up for election

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in November of 2016.

The District has been under increased scrutiny as news reports have highlighted the District's misuse of public funds, inappropriate contracting and employment practices, and several lawsuits.

Audit Findings. In December 2015, the Bureau of State Audits (BSA) issued a report that identified several key findings: a) the Board has failed to provide the leadership necessary for the District to fulfill its responsibilities; b) a lack of policies to safeguard the District's long-term financial viability; c) the District's debt coverage ratio is insufficient and the District's credit rating has been downgraded several times; d) the Board's actions caused the District to lose its insurance coverage; e) the Board violated state law in 2010 when it approved the establishment of a legal trust fund without adequate public disclosure; f) the District frequently inappropriately avoided its competitive bidding processes while awarding contracts to vendors; g) the District spent thousands of dollars on purposes unrelated to its underlying authority; and, h) the District failed to follow its policies for hiring employees and failed to ensure stability in its key executive management position. To address these findings the audit made numerous recommendations most of which do not require legislation. Additionally, the audit included an addendum report from the District which includes actions to put in place many of the recommendations contained in the audit.

The audit only includes one recommendation that requires legislation: "To ensure the efficient and effective delivery of imported and recycled water in southeastern Los Angeles County, the Legislature should pass special legislation to preserve the district as an independent entity but modify the District's governance structure. In doing so, the Legislature should consider a governance structure that ensures the District remains accountable to those it serves, for example, by changing the District's board from one elected by the

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public at large to one appointed by the District's customers."

2)Bill Summary. This bill builds upon the recommendation of the BSA audit and establishes a new governance structure for the District's Board. This bill requires a seven-member Board: four directors elected by residents within their divisions, and three directors appointed by water purveyors of the District. Prior to the November 8, 2022 election, this bill adds an additional three appointed seats to the existing five-member elected Board. This bill establishes an appointment process for the three directors and requires that one director is appointed by large water purveyors, one director is appointed by cities that are water purveyors and one director is appointed by small water purveyors. The three appointed directors must have technical expertise, be employed by or be a representative of their respective purveyor category, and live or work within the District. This bill is author-sponsored.

3)Author's Statement. According to the author, "While the District has made strides to address the questions raised by the auditor report, it is important to have a governance structure that will protect consumers moving forward. In order to increase accountability a new governance structure is needed that balances input from the purveyors, who are the direct customers, with input from the public through elections. AB 1794 creates a new governance structure to ensure that the [District] will effectively fulfill its

responsibilities moving forward. The strategies that will be implemented by this bill reflect the input from working groups with the purveyors led by an independent auditor."

- 4)Related Legislation. SB 953 (Lara) of the current legislative session establishes restrictions on the District's use of sole source contracting. This bill and SB 953 (Lara) contain language that requires contingent enactment.

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- 5)Policy Consideration. According to the BSA report, "Given the concerns we raise in this report, a dissolution or restructuring may become necessary in the future. Should the board not succeed in maintaining a stable leadership team, should the district experience additional lawsuits, or should it lose its insurance coverage again, it will risk not being able to operate effectively as an independent entity. However, because of the recent progress, a complete dissolution may be premature at this time." The Legislature may wish to consider if the internal changes made by the District, combined with proposed changes to the governance structure, will be enough to address the multitude of issues identified by the audit.

- 6)Arguments in Support. Supporters argue that this bill protects consumers and will improve the District's effectiveness as a water wholesaler by enhancing the technical knowledge of the Board and by encouraging the participation of the water retailers that are responsible for water delivery directly to the customers.

- 7)Arguments in Opposition. None on file.

Analysis Prepared by:

Misa Lennox / L. GOV. / (916) 319-3958 FN:
0004353



Central Basin Municipal Water District

Its Board of Directors Has Failed to Provide the
Leadership Necessary for It to Effectively Fulfill Its
Responsibilities

Report 2015-102

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December 3, 2015

2015-102

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As requested by the Joint Legislative Audit Committee, the California State Auditor presents this audit report concerning the Central Basin Municipal Water District's (district) planning, operations and management, long-term financial viability, and control environment.

This report concludes that the district's board of directors (board) has failed to provide the leadership necessary for the district to effectively fulfill its responsibilities. For example, we found that the board failed to ensure that the district maintained stability in key executive management positions throughout our review period. Further, we found that the board failed to take basic steps to ensure the district's long-term financial viability, including engaging in long-term financial planning and performing the necessary study to ensure the district's water rate structure is appropriate and that it will collect sufficient revenues to meet its costs. Finally, the board's actions contributed to the district losing its insurance coverage, forcing the district to purchase insurance with higher premiums for considerably less coverage than in previous years.

The board also violated state law in 2010 when it improperly approved the establishment of a legal trust fund without adequate public disclosure. Further, it lacked a means of ensuring expenditures made from the \$2.75 million trust fund were appropriate. In addition, the district consistently engaged in questionable contracting practices. For example, we found that the district often inappropriately circumvented its competitive bidding process when it awarded contracts to vendors. The district also spent thousands of dollars of public funds on purposes unrelated to its mission, some of which very likely constitute gifts of public funds, which are prohibited by the California Constitution.

Additionally, the district did not always follow its policies for hiring employees, which led it to hire certain individuals who did not possess the necessary qualifications for their positions and to incur unnecessary expenses. In one instance, the district paid more than \$22,000 for an employee to obtain a bachelor's degree, when possession of such a degree was already a minimum requirement to qualify for his high-level position. Ultimately, this individual did not obtain his degree during his employment with the district. We also found that some of the benefits the district offers its board members may be overly generous, as it provides them with full health benefits and a generous automobile allowance, even though their work is essentially part-time. Finally, we noted multiple instances in which the district paid for unreasonable travel and meal expenses for both its board members and staff.

Although the district has recently taken some steps to address these issues, the magnitude of the problems we found suggests that the district could benefit from a different governance structure. The district's board is currently publicly elected, yet the board's customers, to which it should be held accountable, are those various entities the district wholesales water to which is, in turn, then sold throughout the district. If the Legislature chooses to change the governance structure, it could consider a structure in which the board would be composed of members appointed by the district's direct customers. Such a change would not be a novel approach—as we note, it is already used by certain other water agencies in the region—and it would enable the district's customers to hold the board accountable when it takes actions or makes decisions that are not in the best interests of the district.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

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Summary

Results in Brief

The Central Basin Municipal Water District (district) was established by a vote of the people in 1952 to help mitigate the overpumping of groundwater in southeast Los Angeles County. The district wholesales imported water from the Metropolitan Water District of Southern California (Metropolitan) to cities, other water districts, mutual water companies, investor-owned utilities, and private companies in southeast Los Angeles County. In addition, it operates a system for obtaining and distributing recycled water. A publicly elected board of five directors (board) governs the district. The board appoints a general manager who oversees the district's day-to-day operations and its staff.

In recent years, the district's actions have called into question the efficiency and effectiveness of its operations. News reports have focused public attention on a number of issues at the district, some of which we explore in detail in this report. Because of these issues and others, the County of Los Angeles Department of Public Works (Public Works) published a report in October 2014 that outlined the concerns it identified with the district's operations. As a result of these concerns, the report explored the steps necessary to dissolve the district and transfer its work elsewhere. However, the report stopped short of making such a recommendation and instead recommended this audit.

Our audit found that the board's poor leadership has impeded the district's ability to effectively meet its responsibilities. For example, the board failed to ensure that it provided the district with stability in its key executive management position. The district's administrative code establishes the general manager as the district's chief executive and notes that hiring the general manager is a critical function of the board. Nonetheless, between 2010 and 2015, six different individuals filled this role. Lack of agreement among the board members was a factor contributing to the instability in this position. The district's current general manager is on a two-year contract and is contemplating retiring at the end of the contract term in May 2017. However, the district does not have a formal policy for recruiting and hiring a general manager in the future. If the board does not fill the general manager position either prior to the current general manager's retirement or within a reasonable amount of time thereafter, the board will likely hinder the district's ability to effectively meet its responsibilities.

In addition, the board has not established the essential policies necessary to safeguard the district's long-term financial viability. Contrary to a recommendation directed to all government agencies

Audit Highlights . . .

Our audit of the Central Basin Municipal Water District (district) revealed the following:

- » *The district's board of directors' (board) poor leadership has impeded the district's ability to effectively meet its responsibilities:*
 - *The board has not maintained stability in the district's key executive management position.*
 - *It has not established essential policies to safeguard the district's long-term financial viability.*
 - *The board's actions caused the district to lose its liability insurance coverage, resulting in higher costs for less coverage.*
- » *The board violated state law when it improperly approved the establishment of a legal trust fund without adequate public disclosure. Further, it lacked a means of ensuring the expenditures made from the \$2.75 million trust fund were appropriate.*
- » *The district consistently engaged in questionable contracting practices by avoiding competitive bidding and inappropriately using amendments to extend and expand contracts.*
- » *The district spent funds on purposes unrelated to its mission that likely constitute gifts of public funds.*
- » *The district did not always follow its policies for hiring employees—it hired unqualified staff and created an unnecessary position.*

continued on next page . . .

- » *Some of the benefits the district offers to its board members may be overly generous. For example, it provides full health benefits and a generous automobile allowance, even though board members essentially work part-time.*
- » *The district paid for unreasonable travel and meal expenses for both its board members and staff.*
- » *Although the district has made changes to improve its ability to operate efficiently and effectively, it could benefit from a different governance structure.*

from a national organization that promotes the professional management of governmental resources, the district has not engaged in long-term financial planning to help it develop strategies to overcome financial challenges and achieve long-term sustainability. In addition, the district has not performed the study necessary to ensure that its water rate structure is appropriate and that it will collect sufficient revenues to meet its costs. In fact, in planning its annual budgets, the district overestimated its revenues in four of the past five years, and consequently its expenditures exceeded its revenues in three of those years.

Also, the district's debt coverage ratio, which measures its ability to produce enough cash to cover its debt payments, has fallen below the level required by its debt agreements twice in the past five fiscal years. This is partly because the board has not ensured that the district has a formal debt management policy, despite the district's external auditors' recommendations that it implement one. Various factors contributed to the decline in the district's debt coverage ratio—including that the district faced sustained high legal costs and a decline in water revenues—and the credit rating on the district's debt was downgraded in August 2013 and again in October 2015. According to a former general manager's memo, because of the August 2013 downgrade, the district could face an increase in total interest costs when it issues new debt to restructure its outstanding debt. The current general manager stated that as a result of the October 2015 downgrade, the district will likely incur additional costs when it restructures its debt.

Further, the board's actions caused the district to lose its insurance coverage. Specifically, in 2014 the board did not respond to the conditions required by its then-insurer in a timely manner, and consequently the insurer canceled the district's insurance coverage, including its general liability and employment practices liability coverage. Subsequently, in September 2014, after the district had obtained new insurance coverage from private insurance companies, the district's insurance broker warned the district that any changes to senior staff could adversely impact the district's employment practices liability insurance coverage. Despite this warning, the board subsequently fired the district's then-general manager, and the insurance company did not renew the district's insurance coverage in 2015. As a result, the district had to obtain new coverage yet again and currently pays thousands more for \$1 million less general liability and employment practices liability insurance coverage than previously.

The board also violated state law in 2010 when it approved the establishment of a legal trust fund (trust fund) without adequate public disclosure. State law requires the district to hold open and public meetings, although it makes some exceptions to this

requirement. For example, the board may meet in closed session to discuss ongoing litigation or pending litigation if public deliberation on the matter would prejudice its litigation position. The board relied on its outside legal counsel's advice and cited this exception when it met in a closed session in June 2010, reporting that its discussion and actions were related to pending litigation. However, a later investigation by an external law firm found reason to believe that the board used the discussion and vote in that closed meeting to create a programmatic environmental impact report pertaining to groundwater storage, to finance many other nonlitigation expenses, and to avoid criticism. State law does not allow public entities to use the litigation exception as a subterfuge to reach nonlitigation-oriented policy decisions.

Further, the district did not disclose to the public the \$2.75 million in transfers it made to the trust fund. In addition, because the board did not approve the expenditures the district's outside legal counsel made from the fund, the board lacked assurance that all of the trust fund expenditures related to the purposes for which the fund was established. Moreover, the board's actions caused the district to incur more than \$500,000 in ongoing costs for the subsequent investigation into the trust fund and for a lawsuit that a current board member filed to recover, in part, the money the board transferred to the fund.

Additionally, the district often inappropriately avoided its competitive bidding processes when it awarded contracts to vendors during the period we audited. According to its procurement policy, the district is committed to obtaining the best value for the services it purchases and to using a competitive bidding process to procure these services. However, for 13 of the 20 contracts we reviewed that the district executed between July 2010 and June 2015, we determined that the district did not use its competitive bidding process. We further determined that the district did not adequately justify why it failed to competitively bid for 11 of these contracts, although its policies suggest using such justifications. When the district does not clearly identify and justify its reasons for avoiding its competitive bidding process, it leaves itself vulnerable to allegations of favoritism or conflicts of interest. For instance, in early 2015 the Fair Political Practices Commission fined a former general manager and a former board member for accepting gifts in excess of applicable limits from a contractor doing business with the district. By circumventing its competitive bidding process, the district cannot demonstrate that it obtained the best value for the services it purchased with public funds.

In addition to failing to follow its contracting practices, the district spent thousands of dollars of district money on purposes unrelated to its underlying authority, some of which very likely constitute

gifts of public funds. Allowable district expenditures include those that serve a public purpose and are within the scope of the district's jurisdiction and specific purposes. However, it did not appear that the district met this criteria when it gave \$9,000 to outside organizations for holiday turkeys in fiscal year 2012–13. It also currently allocates \$3,000 in community outreach funds to each board member annually, which various board members had the district donate on their behalf to golf tournaments, a legislative member's breakfast panel, religious organizations, local high school sports programs, local pageants, and car shows. The district also spent unreasonable amounts of money on installation ceremonies for its board members and does not expressly limit the amounts that can be spent on these ceremonies. We found no clear correlation between any of these expenditures and the district's mission.

Finally, on several occasions during our period of review, the district failed to follow its policies for hiring employees. Its administrative code states that the district must use a competitive process for hiring employees based on their qualifications and ability. Further, it outlines the use of an interviewing panel for senior manager positions. The district also maintains job descriptions that detail the minimum qualifications applicants must possess before being hired. Nevertheless, we noted that the district did not follow its policies for hiring four individuals into senior manager positions. Despite the fact that the district's general manager is responsible for hiring, the board hired one of these employees—an assistant to the general manager who earned about \$98,000 annually—without first authorizing the position. The district also hired two individuals who did not possess the required minimum levels of education for their positions as specified in their job descriptions. Further, the district chose to prepay \$22,000 in college tuition, registration, and fees so that one of these individuals could earn the degree required for the position. The district authorized this payment, even though its policies limit payment for educational expenses to 90 percent of the cost of college courses and allows such payments only after employees complete their coursework. The district ultimately terminated this employee before he completed his coursework. When the district fails to follow its hiring policies, it risks not hiring the most qualified individuals for the job and unnecessarily spending the district's funds.

As we previously mentioned, Public Works explored the possibility of dissolving the district in its 2014 report. We believe such an extreme action might be viewed as premature given that the district and the board have recently made some changes to the district's policies and practices that, if followed, will improve the district's ability to operate efficiently and effectively. Nonetheless, the magnitude of the problems we found suggests that the district

could benefit from a different governance structure. Specifically, because the board is publicly elected, it is not directly accountable to its customers, which are the various entities that sell water throughout the district. Other water agencies in the region, including Metropolitan and the San Diego County Water Authority, have boards composed of members appointed by their customers. If the Legislature chose to change the district's governance structure, modifying the structure to increase the board members' accountability to the entities they serve would help to ensure that the board makes decisions that reflect the district's best interest.

Recommendations

To ensure the efficient and effective delivery of imported and recycled water in southeastern Los Angeles County, the Legislature should pass special legislation to preserve the district as an independent entity but modify the district's governance structure. In doing so, the Legislature should consider a governance structure that ensures the district remains accountable to those it serves; for example, the district's board could be changed from one elected by the public at large to one appointed by the district's customers.

To ensure the stability of the district's operations, by June 2016 the district's board should establish a formal policy for hiring for the general manager position. Because the current general manager is on a contract set to expire in May 2017, the board should initiate the hiring process for a new general manager or begin the process of renegotiating the contract with the current general manager in the fall of 2016.

To ensure its long-term financial sustainability, the board should complete a long-term financial plan no later than December 2016.

To ensure its water rate structure is appropriate to provide the revenue necessary to cover its legitimate costs, the district should complete its planned water rate study no later than the spring of 2017.

To ensure that it continues to take steps to improve its financial condition and avoids additional costs due to downgrades of its debt credit ratings, the district should immediately create a formal debt management policy. This policy should clearly define its credit objectives and provide guidelines for suitable debt agreements. This policy should also require the district to periodically monitor the specific financial ratios, such as its debt coverage ratio, that are relevant to its credit rating.

To help it maintain its current insurance coverage and better position it to negotiate for more cost-effective and appropriate coverage in the future, the board should review the district's insurance coverage annually and renegotiate costs and coverage amounts as necessary, particularly as the district resolves outstanding legal claims against it.

To ensure it holds itself accountable to the public, the district should follow the law and operate in an open and transparent manner by, among other things, disclosing to the public the true nature and purpose of all of its expenditures.

To make better use of the funds it spends on services, the district should amend its administrative code by June 2016 to limit its sole-source contracts to emergency circumstances and circumstances in which only one vendor can meet the district's needs. Further, before executing any sole-source contracts, the district should require written justification demonstrating the reasons for not competitively bidding the services.

To ensure its expenditures do not constitute gifts of public funds, the district should do the following:

- Immediately eliminate its allocation of funds to individual board members for community outreach.
- Develop policies that specify limitations on the types of activities it will provide funds for in the future to ensure that it benefits only those organizations whose activities have a direct link to its authorized purposes.
- Revise its administrative code by June 2016 to include more specific guidance as to what constitutes a reasonable and necessary use of public funds. The guidance should establish restrictions on the amount spent for board member installation ceremonies.

To ensure it considers the most qualified candidates for positions, the district should follow its established hiring policies. Specifically, it should use a competitive hiring process and ensure that its board first formally approves all positions for which the district recruits. Further, the district should consider for employment only individuals who meet the established minimum qualifications for the positions for which they have applied.

Agency Comments

The district generally agreed with our recommendations and indicated that it plans to take various actions to implement them. However, the district disagreed with our recommendation to the Legislature that it should modify the district's governance structure.

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Introduction

Background

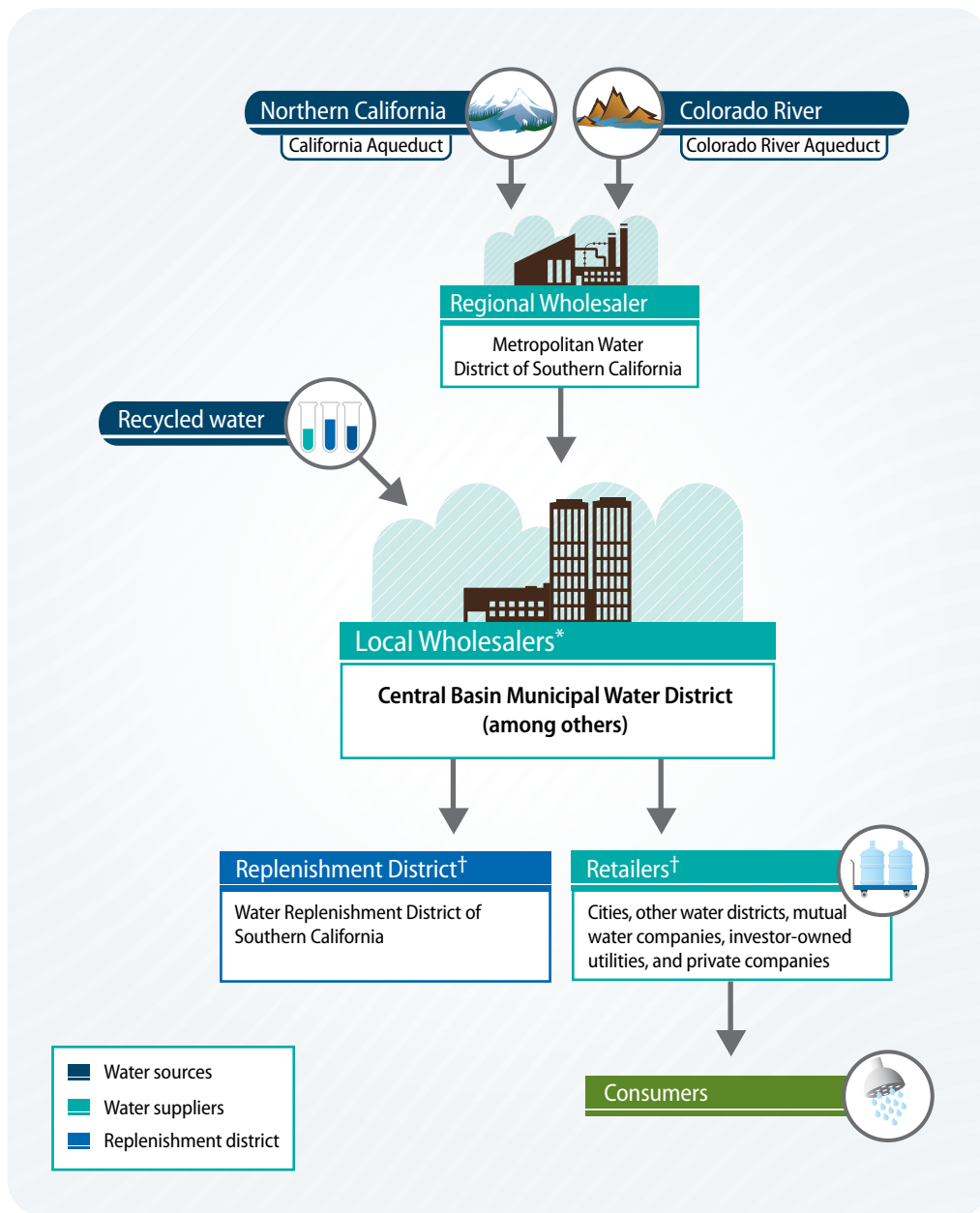
To help mitigate the overpumping of groundwater in southeastern Los Angeles County, the public voted to establish the Central Basin Municipal Water District (district) in 1952 under the Municipal Water District Law of 1911. The district's founders realized they would have to curtail the region's use of relatively inexpensive yet diminishing local groundwater by providing it with imported water. The district's stated mission is to exercise the powers given to the district under its establishing act, utilizing them to the benefit of parties within the district and beyond. The district's mission includes acquiring, selling, and conserving imported water and other water that meets all required standards and furnishing it to customers in a planned, timely, and cost-effective manner that anticipates future needs.

In 1954, the district became a member agency of the Metropolitan Water District of Southern California (Metropolitan), an agency that provides the Southern California region with water that it imports from Northern California and from the Colorado River. The district purchases the imported water from Metropolitan and wholesales it to cities, mutual water companies, investor-owned utilities, and private companies. Further, the district supplies water for groundwater replenishment and provides the region with recycled water for municipal, commercial, and industrial use. Figure 1 on the following page provides an overview of the system of water supply and delivery in Southern California.

The district currently serves a population of more than two million people in 24 cities in southeast Los Angeles County and in some unincorporated areas of the county. Its mission statement indicates that it provides leadership, support, advice, and information on water issues to the people and agencies within and outside its boundaries, as appropriate. For example, the district supplies information on drought-conservation measures to the public and provides water education courses and materials to students. According to its comprehensive annual financial report, the district's 227-square-mile service area used approximately 241,000 acre-feet of water in fiscal year 2013–14.¹ Figure 2 on page 11 shows the district's boundaries and the cities included within those boundaries.

¹ An acre-foot of water is approximately 326,000 gallons, which the district states is enough to meet the water needs of two average families in and around their homes for one year.

Figure 1
Central Basin Municipal Water District's Role in Water Delivery

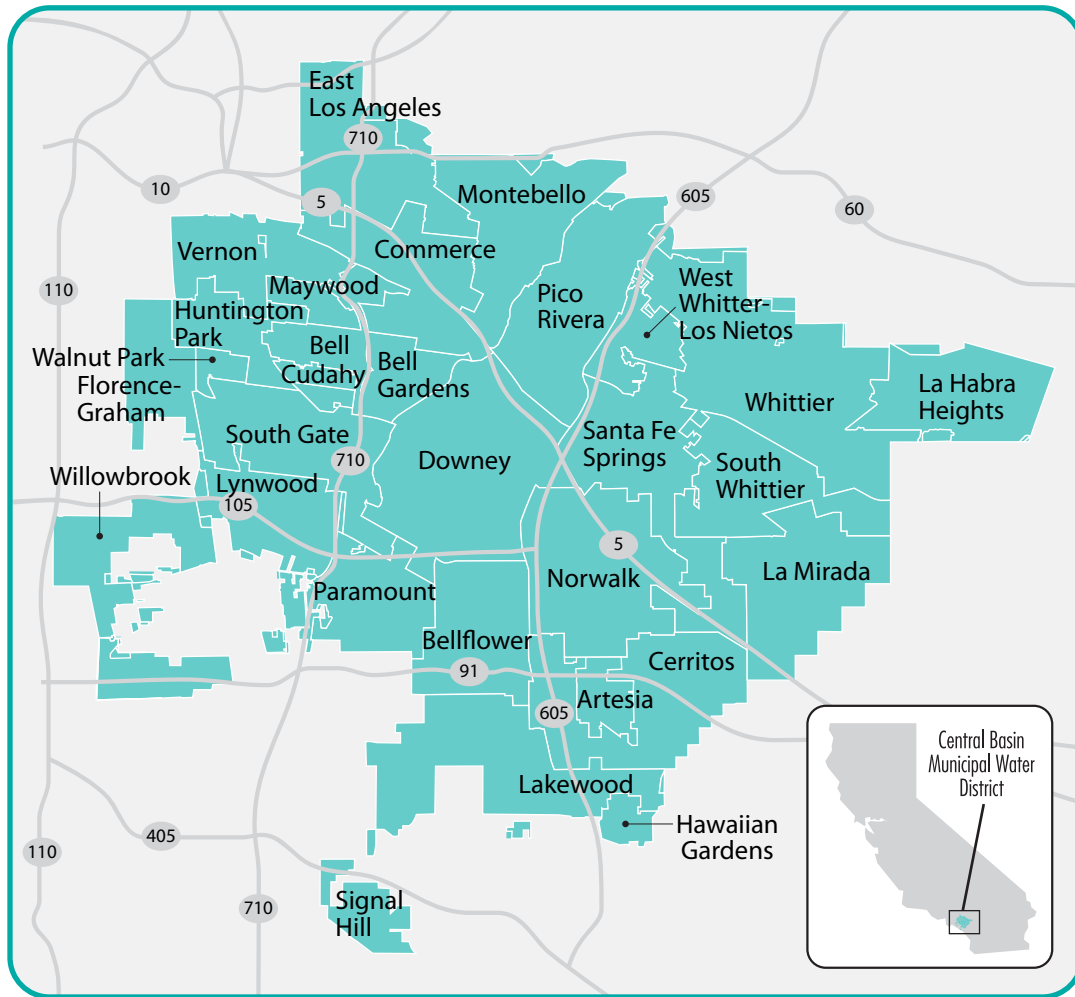


Sources: Documents obtained from the websites of the named entities.

* Members of the Metropolitan Water District of Southern California (Metropolitan).

† Nonmembers of Metropolitan.

Figure 2
Central Basin Municipal Water District's Service Area



Source: Central Basin Municipal Water District's website.

The District's Governance and Administration

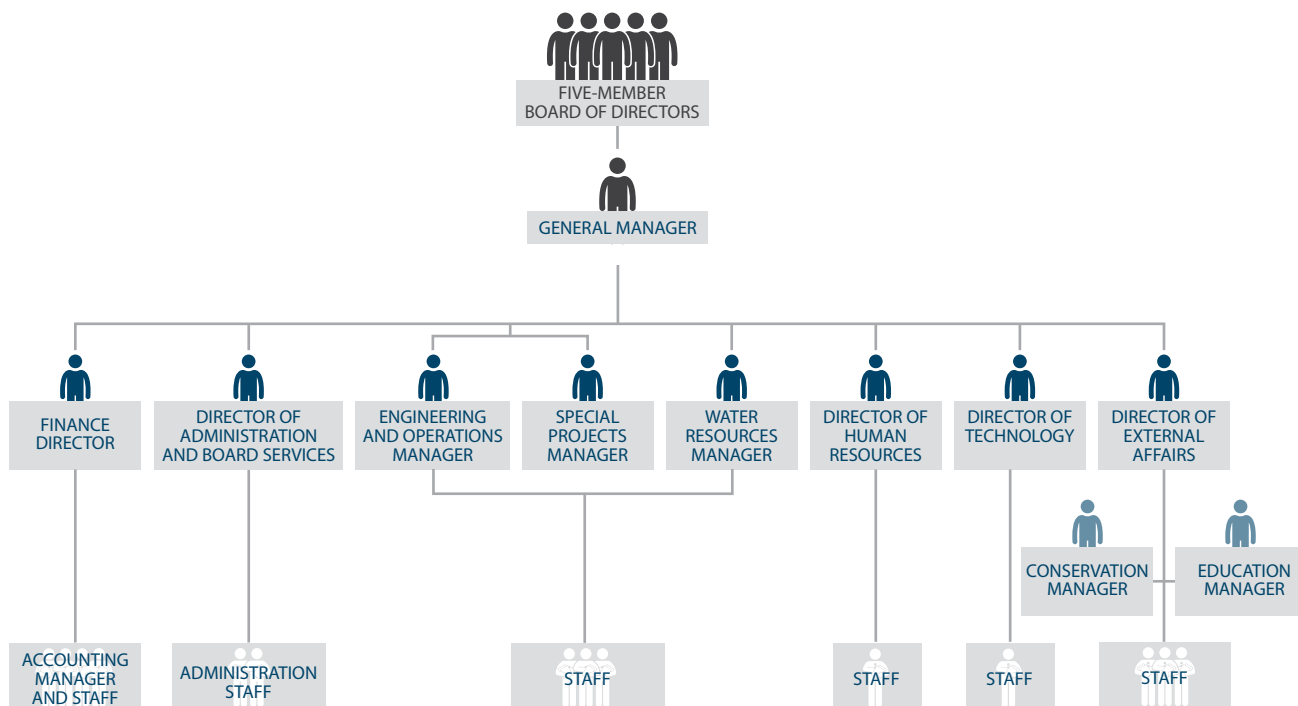
A five-member board of directors (board) governs the district. Each board member represents one of five divisions within the district and is elected to a four-year term by the voters within that division. No limits exist on the number of terms a board member may serve; according to the district's website, the longest-serving member of the board was in his fifth four-year term as of September 2015. Board elections are nonpartisan and held during November general elections.² According to state law, the board is ultimately

² In 2012 the district received approval from Los Angeles County to change its election to June for that year only.

responsible for the performance of the district's powers, privileges, and duties. Toward this end, the district's administrative code states that the board's responsibilities include ensuring that the district is managed well, determining its objectives and policies, approving its annual budget, and appointing its general manager. As we discuss further in Chapter 3, board members receive compensation for their service in the form of a payment for each day they attend meetings and other events on district business. They also receive medical and other health benefits equivalent to those of full-time employees of the district.

The general manager is the chief executive of the district and is responsible to the board for the district's administrative affairs. The general manager prepares and recommends the district's annual budget, hires its employees, and manages its day-to-day operations, among other duties. As of July 2015 the district had a total of 23 authorized positions, including the general manager. Figure 3 presents the organization of the district.

Figure 3
Central Basin Municipal Water District Organizational Chart



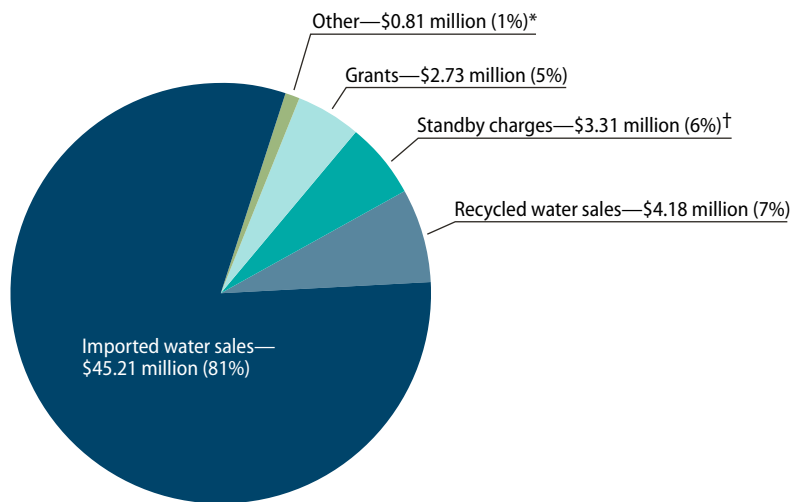
Source: Central Basin Municipal Water District's website.

For more than 15 years the district shared administration with a companion organization, the West Basin Municipal Water District (West Basin). West Basin performs similar functions to the district but for communities in southwest Los Angeles County. Between 1990 and 2006 the two districts shared staff and an office building. However, in 2006 West Basin took action to end the partnership. West Basin purchased the office building, and the district relocated its headquarters to the City of Commerce, California.

District Revenue

The district's primary source of operating revenue is the sale of imported water and, to a lesser degree, recycled water. Figure 4 shows the distribution of district revenue by source during fiscal year 2014–15. Its revenue from the sale of imported water was about \$45 million, or 81 percent of its total revenues, in fiscal year 2014–15, while its sales of recycled water accounted for about \$4 million, or 7 percent of its total revenues, in the same period.

Figure 4
Central Basin Municipal Water District's Revenue Sources by Major Category
For Fiscal Year 2014–15



Source: Central Basin Municipal Water District's (district) fiscal year 2014–15 draft financial statements as of October 2015.

* The district derives other revenues from deliveries of treated water, investment income, and other miscellaneous sources.

† Standby charges are imposed by the district on landowners and used by the district to help pay its debt service costs on its water recycling facilities and the purchase of its headquarters building.

The district's other significant source of revenue is standby charges that the district imposes on landowners with the annual approval of its board. Los Angeles County includes the charge on each property owner's property tax bill. The standby charge's purpose is to minimize the effects of the drought on the area through the construction of recycled water distribution systems that could provide an alternative source of water. The district currently uses revenue from the standby charges to pay debt service on the debt it issued to finance the construction of its water recycling facilities, as well as to pay for the acquisition of its headquarters building. The district's standby charges accounted for about \$3 million, or 6 percent of its total revenues, in fiscal year 2014–15.

Recent Scrutiny of the District

The district and its board have come under scrutiny in recent years. News reports have alleged that the district misused public funds, including that it established a legal trust fund in a manner that violated state open meeting law, that it inappropriately reimbursed meal expenses, and that it engaged in inappropriate contracting practices and employment practices. We address these allegations in this report. In addition, the district has been involved in a number of lawsuits over the past several years. Although many of these lawsuits have been settled or dismissed, a small number related to the district's employment practices are still pending.

In October 2014 the County of Los Angeles Department of Public Works published a report on the district that sought to ensure it addressed its ongoing problems so that it could continue to provide water and service to its customers. The report recommended an independent management audit of the district's operations and included a discussion of the process necessary to dissolve the district and transfer its functions to another entity. We discuss this report further in Chapter 1.

Scope and Methodology

The Joint Legislative Audit Committee (audit committee) directed the California State Auditor's office to perform an audit of various aspects of the district's operations, including its contracting, expenditures, strategic planning, financial viability, and human resources. Table 1 includes the audit objectives the audit committee approved and the methods we used to address them.

Table 1
Audit Objectives and the Methods Used to Address Them

| AUDIT OBJECTIVE | METHOD |
|---|---|
| 1 Review and evaluate the laws, rules, and regulations significant to the audit objectives. | We reviewed relevant state laws and regulations. |
| 2 Assess whether the Central Basin Municipal Water District (district) has appropriate policies, processes, and oversight for various aspects of its operations. Specifically, perform the following covering the five-year period from 2010 to 2015: a. Assess whether the district's board of directors (board) has sufficient policies and practices to guide its spending decisions. In addition, determine whether the board exercises sufficient oversight regarding expenditures. | <ul style="list-style-type: none"> • For our audit period of July 1, 2010, through June 30, 2015: • We interviewed relevant district staff and reviewed documentation related to the district's process for setting its annual budget and the board's process for approving the budget. • We reviewed the district's administrative code and accounting policies. • We reviewed minutes and agendas for meetings of the district's board, which included the consent calendar items from its finance committee. • We reviewed expenditure lists the district provided to the board and the public, which we discuss further in Table 2 on page 19. |
| b. Assess whether the district has sufficient processes and controls to ensure expenditures and other financial activities are appropriate. | <ul style="list-style-type: none"> • We interviewed relevant district staff and reviewed documentation related to the district's process for approving expenditures. • We determined whether the district had and followed a debt management policy. |
| c. Review the district's contracting procedures and determine whether they are consistent with applicable contracting requirements and with procedures used by other municipal water districts. From a selection of contracts, determine whether the district complied with the applicable laws, policies, and regulations. | <ul style="list-style-type: none"> • We judgmentally selected 20 contracts active primarily during our audit period and determined the extent to which the district followed legal requirements and its own policies and practices for contracting. We ensured that we reviewed contracts for a variety of different services, including engineering and construction services, legal services, lobbying services, and public affairs services, as well as contracts that had received significant media attention. • We judgmentally selected and reviewed five contracts the district entered into before our audit period that were still active during our audit period. We selected these contracts based on their amendment histories and on the media attention they received. • We identified best practices for contract management using the Project Management Institute's <i>Project Management Body of Knowledge</i>, the <i>State Contracting Manual</i>, and contracting policies from other water agencies, including the Western Municipal Water District and the Municipal Water District of Orange County, as well as the San Diego County Water Authority. |
| d. Assess whether the district has adequate resources and policies to address personnel matters, including the conduct of its board members. | <ul style="list-style-type: none"> • We determined that the district maintained codes of conduct for both its staff and its board throughout the audit period. • We reviewed district policies and interviewed relevant staff regarding how the district investigates violations of its policies and codes of conduct. • We reviewed district records and noted that board members and senior managers attended ethics and sexual harassment training as required. • We ensured board members and relevant staff filed required conflict-of-interest forms. We reviewed those forms to determine whether the individuals reported significant relationships that conflicted with board decisions. We had no findings in this area; however, we note the results of an investigation by the Fair Political Practices Commission in Chapter 2. |

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| AUDIT OBJECTIVE | METHOD |
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| <p>e. Assess whether the district operates transparently, including complying with laws governing public meetings, public records, and fee-setting, and whether it publicly reports on all its spending.</p> | <ul style="list-style-type: none"> • We interviewed relevant staff regarding the district's compliance with state open meeting laws and training on such laws for board members. • We reviewed the district's tracking of its compliance with state requirements regarding advanced posting of meeting agendas. According to the director of administration and board services, the district did not have any process for tracking its compliance with posting requirements until March 2013; however, our review of its tracking process subsequent to that date found no reportable concerns. • We reviewed a selection of eight public records act requests. We identified instances in which the district did not clearly indicate it had fully addressed requests and another in which the district missed a deadline by several days. Although in our judgment these issues do not rise to the level of reportable findings because the district still responded to the requests, we discussed ways to improve the district's process with its staff. • We reviewed minutes of board meetings and determined the board conducted public meetings before considering changes to its fees. • We noted that the district includes lists of expenditures in its monthly board agendas, which are publicly available on the district's website. |
| <p>3 Assess whether the district's expenditures and revenues are reasonable. Specifically, perform the following covering the five-year period from 2010 to 2015:</p> <p>a. To the extent possible, assess the reasons for any trends in revenues generated through customer rates during the past five years.</p> | <ul style="list-style-type: none"> • We reviewed the district's comprehensive annual financial reports for the fiscal years 2010–11 through 2013–14 and its draft fiscal year 2014–15 financial statements as of October 2015 to determine the reasons for increases or decreases in revenues generated through customer rates. • We analyzed reasons for large changes in the district's revenues generated through customer rates. |
| <p>b. For major categories of expenditures, assess the reasons for any major trends, including those expenditure trends related to legal matters and those not directly related to the district's primary mission.</p> | <ul style="list-style-type: none"> • We analyzed reasons for large changes in district expenditures, including its legal services expenditures. • We interviewed relevant district staff and reviewed the district's audited financial statements to determine the reasons for increases or decreases in major expenditure categories. |
| <p>c. For a sample of expenditures, determine whether they were legally allowable, reasonable, and consistent with the mission of the agency.</p> | <ul style="list-style-type: none"> • We reviewed the district's administrative code, prior external audit findings, and other policy documents. • We interviewed relevant staff regarding the district's internal controls over expenditures. • We judgmentally selected 50 expenditures from the audit period and tested them for compliance with applicable laws, policies, and best practices. • We selected 35 expenditures for testing from the district's file room and 15 expenditures from the public expenditure lists created from its accounting system. We found that the public expenditure lists were incomplete because they did not include certain transfers the district made to a legal trust fund, which we describe further in Chapter 2. |
| <p>4 To the extent the district has a strategic plan, determine the following:</p> <p>a. Whether the strategic plan contains goals and objectives that support the mission of the organization.</p> <p>b. How often the district evaluates its success in achieving its goals and objectives, and updates the strategic plan to reflect changes, including changes in regulatory requirements, goals, and milestones.</p> | <ul style="list-style-type: none"> • We reviewed the district's strategic plans the board considered in October 2010 and May 2015 and determined they contained key elements of strategic plans and reflected the district's mission. However, as we describe in Chapter 1, the board did not approve or ensure the district appropriately implemented its October 2010 strategic plan. • We interviewed relevant staff regarding the development and implementation of the district's strategic plans, including the district's plans for periodic review. • We reviewed proposed metrics for both the 2010 and 2015 plans. Because the district did not adequately implement its 2010 plan, we reviewed its planned approach to evaluating its current strategic plan and determined it is reasonable. |

| AUDIT OBJECTIVE | METHOD |
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| <p>5 Assess whether the district has qualified staff to manage its operations. Specifically, perform the following:</p> <p>a. To the extent possible, determine whether technical staff has sufficient qualifications and resources to adequately maintain its infrastructure over the long term.</p> <p>b. To the extent possible, assess the qualifications and sufficiency of the district's management staff responsible for essential operations.</p> <p>c. Identify the total compensation of each member of the board of directors and top managers.</p> <p>d. Determine whether the total compensation received by each of the district's top managers is comparable to that received by top managers in similar public agencies or municipal water districts in the region.</p> | <ul style="list-style-type: none"> • We interviewed the district's director of human resources and engineering staff. • We obtained and reviewed position descriptions for the district's engineering staff and its general manager. • We compared the position descriptions to the staff's qualifications. • We reviewed the district's contract for operations and maintenance of its recycled water pipeline. • We determined that the district recently hired additional technical staff and that its current staff are qualified. We have no reportable findings in this area. • We interviewed the district's director of human resources. • We reviewed the district's organizational chart and human resources files to compare position descriptions to stated qualifications for a selection of current district managers. • We determined the selected current managers were qualified and that the district had sufficient staff for its essential operations. • We interviewed the district's current general manager regarding his tenure and the board's plans for hiring general managers in the future. • We interviewed the director of human resources. • We reviewed district policies regarding compensation, expenditure reports, and payroll data to determine board member compensation. • To identify the amounts board members received for per diem and allowances, such as the automobile or transportation allowance, we relied on monthly reports of expenditures the district generated from its accounting systems and presented to the board. • We noted that board members generally receive health and other benefits to the same extent that staff do, and we describe these benefits in Chapter 3. • We reviewed data the district reported to the California State Controller's Office (State Controller) regarding the compensation of its top managers. • We compared the salaries of selected district managers to the State Controller's data to ensure the district accurately reported its compensation to the State Controller. • We selected four additional water agencies in Southern California. We reviewed data the district and the four additional water agencies reported to the State Controller regarding the compensation for selected management positions. • We reviewed the district's surveys of certain water agencies' compensation and benefits. |
| <p>6 Assess the district's financial viability and control environment. Specifically, for the five-year period from 2010 to 2015, determine the following:</p> <p>a. Whether the district retained a qualified, independent auditor for its annual financial audits and whether completed audits were publicly available.</p> <p>b. What deficiencies were reported by its independent auditor and how the district has addressed such deficiencies.</p> | <ul style="list-style-type: none"> • We reviewed the district's contracts with its auditors for fiscal years 2010–11 through 2014–15. • We reviewed licensing records for the district's auditors. The district contracted with three different audit firms between fiscal years 2010–11 and 2014–15. We noted the firms were licensed and had no complaints on file. • We reviewed the district's website and determined the district made its annual financial audits publicly available. • We reviewed the district's independent auditors' reports for fiscal years 2010–11 through 2013–14. • We noted that the district received an unqualified opinion on its financial statements every year for fiscal years 2010–11 through 2013–14. The district's external auditor had not issued an opinion on the district's fiscal year 2014–15 financial statements as of October 2015. • We noted that the district adequately addressed all deficiencies its independent auditors reported except for the following: <ul style="list-style-type: none"> – The district does not have a debt management policy. We discuss this further in Chapter 1. – The district did not have meal expense limits in place until July 2015. We discuss this further in Chapter 3. |

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| AUDIT OBJECTIVE | METHOD |
|---|--|
| c. How often the district changed auditors and the reasons for changing auditors. | <ul style="list-style-type: none"> • We reviewed the district's contracts with its auditors for fiscal years 2010–11 through 2014–15. • The district contracted with three audit firms, changing auditors twice during our audit period. In the first instance, according to board memoranda, the district selected a different firm than the one that had been its auditor for the previous 10 years. In the second, a board memorandum stated that the firm told the district it could not complete its contract. We had no reportable findings in this area. |
| d. The district's debt ratio coverage for bond commitments and the reasons for any year in which the ratio fell below the generally accepted level. | <ul style="list-style-type: none"> • We interviewed relevant staff and reviewed documentation related to the district's debt coverage ratio. We also examined the reasons why the debt coverage ratio fell below the accepted level. • We interviewed relevant staff and reviewed documentation to determine how the district's inability to meet its required debt coverage ratio affected its credit rating and debt costs. |
| e. To the extent possible, assess whether the five-year trends in revenues and expenditures indicate long-term financial viability. | <ul style="list-style-type: none"> • We analyzed the information we gathered for Objectives 3a, 3b, and 6d, as well as pertinent information contained in the district's audited financial statements and other records, to determine the extent to which this information indicates the district's long-term financial viability. • We determined whether the district had and used a long-term financial plan. We describe our findings in this area in Chapter 1. |
| 7 Review and assess any other issues that are significant to the district's operations and management. | <ul style="list-style-type: none"> • We interviewed relevant staff and reviewed documentation related to the district's attempts to obtain and retain insurance coverage for its operations. • We reviewed state law and interviewed staff at the Los Angeles County Local Area Formation Commission to determine the process through which the district's governance may change or the district may dissolve. • We interviewed the five current members of the board to obtain their perspectives on the district's operations and its challenges over the last five years. While we did not directly quote any of the board members' interviews in our report, we used their comments to help inform our audit fieldwork. |

Sources: The California State Auditor's analysis of Joint Legislative Audit Committee audit request 2015-102 and information and documentation identified in the table column titled *Method*.

Assessment of Data Reliability

In performing this audit, we relied upon reports generated from the information systems listed in Table 2. The U.S. Government Accountability Office, whose standards we are statutorily required to follow, requires us to assess the sufficiency and appropriateness of computer-processed information that is used to support our findings, conclusions, or recommendations. Table 2 shows the results of this analysis.

Table 2
Methods Used to Assess Data Reliability

| INFORMATION SYSTEM | PURPOSE | METHOD AND RESULT | CONCLUSION |
|---|---|--|--|
| Central Basin Municipal Water District's (district): <ul style="list-style-type: none"> – New Logos Database data, for the period July 2012 through June 2015 – Master Accounting Series 90 data, for the period July 2010 through June 2012 | To make a judgmental selection of expenditures | <ul style="list-style-type: none"> • This purpose did not require a data reliability assessment. Instead, we needed to gain assurance that the population of expenditures was complete for our review purposes. • We obtained reasonable assurance by comparing total disbursements presented on the expenditure lists to the district's monthly bank reconciliations or payment register reports. | As part of our audit work, we identified certain transactions not present on the district's expenditure lists. Nevertheless, we noted that these lists materially agreed with monthly bank reconciliations or payment register reports, and were thus adequate to use for selecting expenditures for review. |
| | To calculate per diem payments the district made to its board members | To determine accuracy, we judgmentally selected 50 board-approved per diem payments from the district's records and compared them to claim forms detailing the meetings board members attended. To determine completeness, we reviewed district records and noted directors generally received per diem payments in each pay period between July 2010 and June 2015. | Sufficiently reliable for the purposes of this audit. |
| The district's: <ul style="list-style-type: none"> – New Logos Database data, for the period July 2012 through June 2015 – Access Database data, for the period July 2010 through June 2012 | To make a judgmental selection of contracts | This purpose did not require a data reliability assessment. Instead, we needed to gain assurance that the population of contracts was complete for our review purposes. To determine completeness, we haphazardly selected 39 contracts from the district's files and ensured they were present in either the New Logos or Access database, as appropriate. | Complete for the purposes of this audit. |

Sources: California State Auditor's analysis of various documents, interviews, and data obtained from the district.

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Chapter 1

THE CENTRAL BASIN MUNICIPAL WATER DISTRICT'S BOARD OF DIRECTORS HAS CONSISTENTLY FAILED TO PROVIDE APPROPRIATE LEADERSHIP AND OVERSIGHT

Chapter Summary

The board of directors (board) of the Central Basin Municipal Water District (district) has failed to lead the district in a manner that encourages its efficient operation, effective management, and adherence to laws and rules. For example, the board has not maintained stability in the district's top executive position: Over the five years of our review, six different individuals filled this role, a level of turnover that significantly affected the district's ability to perform its necessary functions. Further, the board did not establish an effective structure for reporting and investigating ethics violations by board members and staff. In fact, the Fair Political Practices Commission (FPPC) uncovered such violations. Also, the board did not ensure that it approved or that the district implemented its previous strategic plan; it did not require the district to create a long-term financial plan; and through its lack of action, it contributed to the district suffering two credit rating downgrades. Finally, the board's actions led to several changes in its liability insurance, resulting in higher costs for less coverage.

Because the district has lacked effective leadership, the public's confidence in it has eroded, and it has risked being unable to meet its obligations to its customers. The district has recently taken some positive steps to correct these issues, such as retaining an experienced general manager on a two-year contract and creating a new strategic plan. However, given the magnitude of its past problems, we believe considering ways to improve the district's governance is necessary. Although the public currently elects the district's board, the district does not serve the public directly but instead sells water to various entities that in turn sell water to the public. Thus, those who select the board are not those whom it directly serves. If the Legislature chose to change the district's governance structure, it could consider a structure through which board members would be directly accountable to the entities the district serves. Such a change would enable those entities to hold the board responsible when it takes actions or makes decisions that are not in the district's best interest.

The Board's Dysfunctional Oversight Has Threatened the District's Ability to Meet Its Responsibilities

The board's poor leadership and decision making significantly impeded the district's ability to effectively and efficiently perform its necessary functions over the course of our audit period from July 2010 through June 2015. Specifically, during this time, the board failed to ensure that it provided the district with stability in either the general manager or finance director position. In addition, the board did not establish a structure for investigating or referring ethics complaints against board members and staff related to violations of the district's code of conduct or conflict-of-interest code that minimizes political influence. Finally, the board failed to approve or implement a strategic plan dated October 2010, and it is too soon to tell whether the district will effectively implement a subsequent strategic plan it adopted in May 2015. When the board fails to exercise appropriate leadership, it impedes the district's ability to operate in an efficient and effective manner.

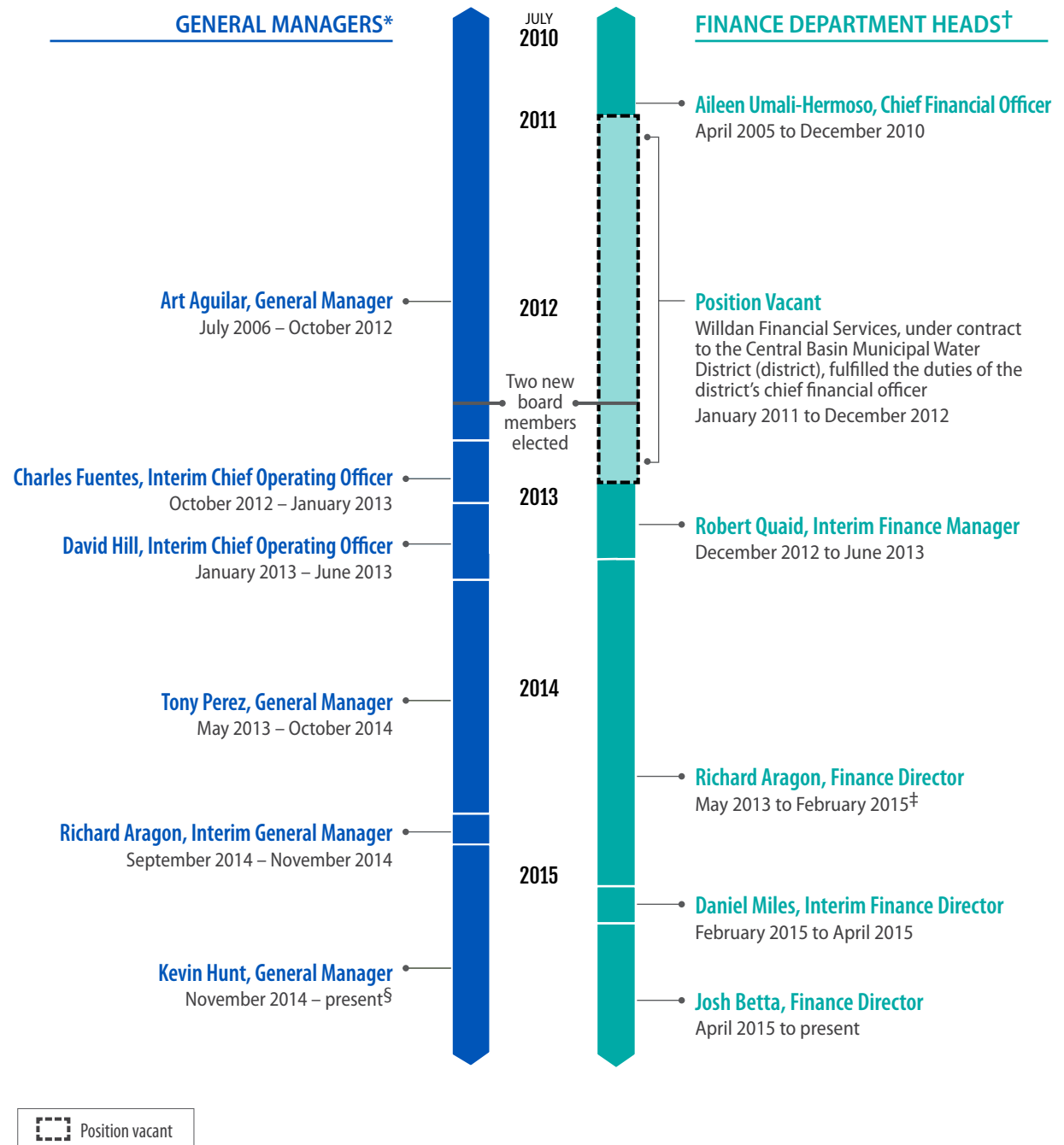
The Board Has Not Ensured That the District Has Consistent Leadership

Between July 2010 and June 2015 the board and the general manager demonstrated a lack of leadership by not maintaining stability in the district's key executive management and finance positions, hindering the district's ability to effectively manage and meet its responsibilities. Figure 5 presents the length of time these two critical positions were either vacant or filled by one of numerous individuals over the five-year period.

As shown in Figure 5, the district has faced high turnover in its top executive position. State law requires municipal water district boards to appoint a general manager. The board has full authority over the employment of the general manager, who in turn has full charge and control of the operation of the district, including the authority to employ and discharge all personnel except for those the board is required to appoint. However, between July 2010 and June 2015, the district had six individuals in this critical leadership role, including four general managers or interim general managers and two interim chief operating officers (interim chiefs). According to the position description, the interim chiefs served at the pleasure of the board until the board finalized the recruitment for the general manager position. The interim chiefs were not to have the authority to hire or fire staff or to enter into new contracts without board approval. Further, they could not participate as candidates for the general manager position.

Between July 2010 and June 2015, the district had six individuals in critical leadership roles, including four general managers or interim general managers and two interim chief operating officers

Figure 5
Timeline of Changes in Key Leadership Positions at the Central Basin Municipal Water District



Sources: District human resources records, interviews with district staff, and the County of Los Angeles's final official election results for June 5, 2012.

* In certain cases during our audit period, this position was referred to as the interim chief operating officer and some of the position's duties were restricted.

† In certain cases during our audit period, this position was referred to as the chief financial officer, interim finance manager, finance director, and interim finance director.

‡ As shown in the figure, Richard Aragon briefly served as interim general manager during this time.

§ Kevin Hunt was initially hired as the interim general manager, a position he held from November 10, 2014, through May 10, 2015, until the district hired him as the current general manager on May 11, 2015.

Lack of agreement among the board members was a contributing factor to instability in the district's top executive position. In October 2012, the district's long-standing general manager retired. According to the district's director of human resources, the board appointed an interim chief in October 2012. However, the board terminated him less than four months later in January 2013, during a contentious board meeting shortly after two new board members took office. The board approved the termination by a three-to-two vote.

The board subsequently appointed a series of individuals to the top executive role. In January 2013 the board appointed a second individual to the position of interim chief. He returned to his former position as the district's water resources and planning manager after the board hired a new general manager effective May 2013. The board placed this general manager on paid administrative leave in September 2014 and terminated his employment in October 2014. As with the first interim chief in 2013, this termination occurred during a contentious board meeting and was the result of a three-to-two vote by the board. Also in September 2014, the board appointed the district's then-finance director to also serve as an interim general manager. In November 2014 the board appointed another interim general manager and approved a recruitment process for hiring the general manager in that same year. The board subsequently entered into a two-year employment contract in May 2015 with the individual it had previously appointed as interim general manager.

The district's current general manager's two-year contract expires in May 2017, and he stated that he is contemplating retiring at that time. If he chooses to retire at the completion of his contract, the general manager anticipates the board would start the recruitment process between June 2016 and October 2016. The most recent hiring process the district conducted for a general manager included establishing an independent ad hoc hiring committee, selecting a recruitment firm, and having the board interview the top candidates. However, the district does not have a formal policy for recruiting and hiring a general manager in the future, and the current general manager acknowledged that the district would benefit from such a policy. In our judgment, establishing a formal policy for the hiring process of the general manager position and beginning the hiring process a year in advance of the end of the current general manager's contract provides the district ample time to identify and select a replacement, should the current general manager retire. If the board does not fill the general manager position either prior to the current general manager's retirement or within a reasonable amount of time thereafter, the board will likely hinder the district's ability to effectively meet its responsibilities.

If the board does not fill the general manager position either prior to the current general manager's retirement or within a reasonable amount of time thereafter, the board will likely hinder the district's ability to effectively meet its responsibilities.

In addition, the district had five different individuals and one financial services firm perform the role of finance director or a similar position between 2010 and 2015. In December 2010, the district's chief financial officer resigned after more than five years in the position, and the district hired a financial services firm to perform the duties of the chief financial officer. Despite the financial services firm's recommendation in March 2012 that the district recruit and hire a full-time dedicated finance director, the district did not fill the role with an interim finance manager until December 2012. According to the district's director of human resources, she raised the question of hiring a finance director on multiple occasions, and the general manager at that time told her that the financial services firm was performing the job adequately and had some remaining work to complete. Nevertheless, the fact that the same financial services firm recommended that the district hire a finance director suggests that the district should have prioritized filling this position. The district finally hired a finance director in May 2013. He remained in the position until February 2015, when the district hired an interim replacement until it recruited a new finance director in April 2015.

The district had five different individuals and one financial services firm perform the role of finance director or a similar position between 2010 and 2015.

The lack of stability in these two key management positions has threatened the day-to-day operations of the district. As we note later in this chapter, a lack of stable management was a factor in the district's losing its insurance in 2014. Further, together these positions help establish an environment that promotes effective stewardship of both resources and staff. As we note in Chapter 2, the district's management of its contracts and expenditures needs improvement, and in Chapter 3 we discuss that the lack of a general manager contributed to staff not receiving timely performance evaluations. If the board struggles to maintain consistency in these critical positions in the future, the district may continue to lack the leadership necessary to meet its responsibilities.

The Board Lacks an Effective Structure to Investigate Its Own and District Staff's Noncompliance With Laws and Rules

The board has not adequately maintained a mechanism to respond to complaints regarding its members' or district staff's violations of laws and district codes related to ethics. From the beginning of our audit period in July 2010 until the end of July 2015, the district's administrative code called for an ethics committee to investigate ethics complaints against board members and staff. According to the administrative code in force prior to July 2015, this committee was to include two board members. Further, the administrative code indicated that certain district staff and the district's counsel were to be members of the committee but was silent as to whether they would be voting members. However, according to the human

In August 2013 the ethics committee violated the Brown Act when it conducted a meeting in open session even though the posted agenda indicated that this meeting was to be in closed session.

resources director, district staff only provided information to the ethics committee and, according to our review of the district's board minutes, these staff were not voting members.

Until July 2015 the district's administrative code stated that the ethics committee would meet twice yearly. However, this committee did not meet regularly. Specifically, according to the district's director of human resources, she informed the then-general manager in July 2011 that the ethics committee was listed in the administrative code as a standing committee that met every six months. She explained that the ethics committee met the following month, although it conducted no business during that meeting, and that it met again in February 2012. It scheduled another meeting for October 2012, but this meeting did not occur because not enough committee members attended. The ethics committee did not schedule another meeting until August 2013, 18 months after its February 2012 meeting. The director of human resources did not know why the ethics committee did not meet regularly during this time but commented that the board had not established the practice of ensuring the committee met every six months.

When the committee finally did meet to conduct business in August 2013, the meeting generated controversy. First, the chair of the ethics committee chose to conduct the meeting in open session, even though the posted agenda indicated that this meeting was to be in closed session. By conducting an open meeting without correctly noting that in the advance agenda, the committee violated the Ralph M. Brown Act (Brown Act). We discuss additional concerns with the board's adherence to the Brown Act and make a related recommendation in Chapter 2. Further, at its meeting the ethics committee discussed a letter from the district attorney's office regarding its investigation into the alleged release of confidential information by the then-board president to a local newspaper. During this meeting, the committee authorized the general manager to seek an investigator to review the matter further. After the investigation was completed, the committee voted in September 2013 to refer the then-board president's alleged disclosure of confidential information to the Los Angeles County Grand Jury. As of September 2015, published reports of the Los Angeles County Grand Jury had not addressed this issue.

Shortly after the September 2013 meeting, the then-board president—who had the authority to appoint members of committees—stated in a memorandum to the general manager that he was very concerned about the ethics committee and the manner in which it was using its role to investigate board members. He stated that he was reconfiguring the ethics committee immediately by placing himself on the committee as the chair, adding another

board member, and replacing the two sitting board members. In October 2013, in another memorandum to the general manager, the then-board president stated that there was dissension and turmoil caused by the ambiguity of the administrative code and the ethics committee, and this was having a pernicious and destructive impact on staff morale. At a subsequent October 2013 meeting, the board temporarily suspended the ethics committee until it could resolve the ambiguity in the district's administrative code.

Although the board temporarily suspended the ethics committee in October 2013, it did not approve revisions to the district's administrative code regarding the committee until July 2015. According to the district's director of human resources, a former general manager postponed finalizing a new policy because he was concerned that board members would use a reinstated ethics committee to act on political disagreements. The board finally approved amendments to the administrative code in July 2015, establishing a new ethics committee; however, the committee's structure remained fundamentally the same. Like its predecessor, it consists of two board members, and the ambiguity regarding staff membership—whether they are voting members or only provide information to the committee—remains. The director of human resources stated that the district plans to address this ambiguity in the administrative code and make staff nonvoting members of the committee, although she did not give a timeline. Because the board did not make significant structural changes to the new ethics committee, it will be subject to the same issues the former ethics committee faced.

The district recognizes the inherent conflicts of interest in its current ethics committee structure and is making changes. In August 2015 the general manager made a presentation to the board on this topic, and the board's agenda included an informational document regarding its new ethics committee. The informational document acknowledged that the most significant difficulty in crafting an ethics enforcement policy is the inherent conflict of interest in asking board members and the general manager to investigate their peers, coworkers, friends, or bosses. To address this, the general manager discussed in the meeting the possibility of contracting with an independent law firm to conduct preliminary investigations. Also, the informational document suggested that the new ethics committee consider its role and alternative ways for it to function effectively. Finally, the general manager noted in the meeting that district staff recently met with the ethics officer for the Metropolitan Water District of Southern California (Metropolitan) and learned that Metropolitan participates in an independent, anonymous ethics hotline. Metropolitan's ethics officer made a presentation to the board in

The district recognizes the inherent conflicts of interest in its current ethics committee structure and is making changes.

In October 2015 the board adopted a plan to implement a hotline for reporting potential ethics violations and to contract with a law firm to conduct an independent review of those alleged violations.

September 2015. At a meeting in October 2015, the board adopted a plan to implement a hotline for reporting potential ethics violations and to contract with a law firm to conduct an independent review of those alleged violations.

Further, board members and staff have attended ethics training; however, the training by itself may not prevent ethical violations. As we will discuss in Chapter 2, in 2015 a former general manager and a former board member received fines from the FPPC of about \$30,000 each for violating the Political Reform Act by, for example, receiving gifts in excess of established limits from a district contractor. Although a functioning independent ethics committee may not have prevented or detected these specific violations, the lack of such a body would prevent the district and the board from receiving and acting on complaints of similar potential violations.

The Board Failed to Demonstrate Any Commitment to the Strategic Planning Process in the Past

Until recently, the board demonstrated a lack of leadership by not ensuring the district had an approved strategic plan or made progress in achieving the plan's goals and objectives. According to the Government Finance Officers Association (GFOA), strategic planning is a comprehensive and systematic management tool to help an organization assess its current environment, anticipate and respond appropriately to changes in that environment, envision the future, increase effectiveness, develop commitment to its mission, and achieve consensus on strategies and objectives for achieving that mission.³ The GFOA recommends that all governmental entities use some form of strategic planning to provide a long-term perspective for service delivery and budgeting, thus establishing logical links between their authorized spending and broad organizational goals.

However, the board did not demonstrate a commitment to the strategic planning process and missed opportunities to identify whether the district was making progress in achieving its goals and objectives. Specifically, the board considered a five-year strategic plan in October 2010 that included a mission statement, a vision of the district in 2015, goals, and a set of metrics to help assess and guide the district's progress toward that vision. However, according to the director of human resources, the board never approved this strategic plan. Nevertheless, she explained that when she began working at the district in January 2011, the then-general

³ The GFOA represents public finance officials throughout the United States and Canada. The GFOA's mission is to enhance and promote the professional management of governmental financial resources. One of the ways in which it does this is by providing best practice guidance to its members.

manager directed her to use this plan and implement its objectives. The director of human resources stated that staff initiated implementation of the strategic plan in the summer of 2011, but that continued execution of the plan was put on hiatus once the then-general manager left the district in 2012. Not only did the district lack this critical organizational planning tool for several years, but the board failed to demonstrate its commitment to the strategic planning process by not approving the strategic plan or ensuring its appropriate implementation.

Despite these past shortcomings, the board recently adopted a new strategic plan that, if properly implemented, appears adequate. The current general manager stated that one of his first priorities after joining the district in November 2014 was to develop a new strategic plan for the district. The district engaged a consultant to coordinate and facilitate the development of a strategic plan in January 2015. The plan was developed with input from the district's customers, board members, and a project team that included the current general manager as well as various district managers. The new plan covers three years and reflects the district's overall mission and responsibilities. The board adopted this strategic plan in May 2015, and the district implemented it beginning in fiscal year 2015–16. District staff developed a performance measurement scorecard that provides a basis for the district's periodic review of its progress toward its strategic planning objectives. According to the general manager, the district will review this scorecard on a quarterly basis. Additionally, he explained that the district will use the budgetary process to update the board and identify strategic plan goals for the upcoming year. In October 2015 district staff presented a status update to the board that indicated steady progress has been made under the major goals included in the strategic plan. To the extent the board ensures that the district follows through on its plans to monitor and publicly report on its progress in achieving the strategic plan's goals and objectives, the board will help ensure the district is transparent in its actual achievement of the strategic plan.

The board adopted a new strategic plan in May 2015 that covers three years and reflects the district's overall mission and responsibilities and, if properly implemented, appears adequate.

The Board Has Failed to Take Critical Steps Necessary to Ensure the District's Continued Financial Sustainability

The board has not established the essential policies necessary to safeguard the district's long-term financial viability. It has not ensured that the district engages in long-term financial planning to protect its long-term financial viability or that the district conducts a water rate study to ensure it collects sufficient revenue to cover its operating expenses. These deficiencies, at least in part, contributed to the district's inability to meet the debt coverage ratio required by its debt agreements, and as a result the district's credit

rating was downgraded in 2013. These deficiencies may also have contributed to the downgrade in 2015. The downgrades may lead to an increase in the costs the district pays on its debt. In addition, the board's inaction at a critical moment led to the avoidable loss of the district's insurance coverage, resulting in a substantial increase in costs and reduction in coverage for the district's subsequent liability insurance policies.

The District Has Not Developed a Long-Term Financial Plan

Although the GFOA recommends that all government entities regularly engage in long-term financial planning, the district failed to do so throughout our audit period. Long-term financial planning could help the district develop strategies to overcome financial challenges and achieve long-term sustainability. Instead, the district has forecast its revenue and expenditures on a year-to-year basis during its budget process. According to the current finance director, one of the reasons the district did not engage in long-term financial planning was its lack of consistent leadership in the finance director and general manager positions, which we describe earlier in this chapter.

In August 2015 Moody's Investors Service (Moody's) placed \$48.4 million of the district's debt credit rating on review for a possible downgrade, in part because of the district's lack of future year financial projections.⁴ Moody's subsequently downgraded the credit rating on this debt in October 2015 citing other reasons, as we discuss in the next section. According to an article the GFOA published on building a financially resilient government, credit rating agencies point to long-term financial planning as evidence of management's dedication to the practices that maintain long-term financial health. The credit rating downgrade—the second the district has received in the past three years—may cause the district to incur additional costs. We describe the credit downgrades and their financial consequences in the next section. Not surprisingly, the district's recently adopted strategic plan includes an objective related to conducting long-term financial planning. In October 2015 the board authorized the general manager to engage a consultant to prepare a 10-year financial forecast. The general manager stated that his goal is for the district to have a completed long-term financial plan by the end of 2016.

The district's lack of a long-term financial plan to guide its revenue estimation process contributed to the district overestimating its revenues during the last four years in our audit period.

The district's lack of a long-term financial plan to guide its revenue estimation process contributed, at least in part, to the district overestimating its revenues during the last four fiscal

⁴ Moody's is a provider of credit ratings, research, and risk analysis. The purpose of its credit ratings is to provide investors with a simple system of gradation by which they may gauge the future relative creditworthiness of securities.

years in our audit period. When the district does not develop reasonable revenue estimates during its budgeting process, it risks that its revenue will not cover its expenses. The current general manager, who has more than 20 years of experience in the water industry, explained that in his experience it is normal for actual revenues from water sales to vary somewhere between 10 percent and 15 percent of estimates. However, as shown in Table 3, the yearly variance in the district's budgeted-to-actual revenues was greater than 20 percent in three of the five fiscal years within our audit period. The district did not have an individual in the finance director position when it prepared its budgets for fiscal years 2011–12 and 2012–13—two of the fiscal years in which its actual revenues were at least 20 percent less than its corresponding estimates—and instead engaged a consultant to perform its financial management duties. According to the current general manager, the district's former management was too optimistic when developing revenue estimates. Additionally, he explained that the 21 percent variance in fiscal year 2014–15 was primarily the result of lower replenishment water sales than the district had estimated because an invasive shellfish contaminated the source of the district's replenishment water.

Table 3
Differences Between Budgeted and Actual Revenues at Central Basin
Municipal Water District
Fiscal Years 2010–11 Through 2014–15
(In Millions)

| | 2010–11 | 2011–12 | 2012–13 | 2013–14 | 2014–15 |
|---|---------|---------|---------|---------|---------|
| Budgeted revenues | \$58.3 | \$64.1 | \$66.0 | \$52.0 | \$71.4 |
| Actual revenues | 60.9 | 50.8 | 45.1 | 46.3 | 56.2 |
| Difference (Shortfall) | 2.6 | (13.3) | (20.9) | (5.7) | (15.2) |
| Difference as a percentage of budgeted amount | 4% | 21% | 32% | 11% | 21% |

Sources: Central Basin Municipal Water District budget documents, comprehensive annual financial reports for fiscal years 2010–11 through 2013–14 and draft financial statements as of October 2015 for fiscal year 2014–15.

Despite large variances in the district's past budgeted-to-actual revenues, it appeared to follow a reasonable methodology when preparing its budget for fiscal year 2015–16. Specifically, in a memorandum to the board, district staff reported that the district surveyed its customers to determine a baseline projection for potable water sales and then reduced the projection to reflect allocations from the district's regional wholesaler. Staff also reported that they adjusted the projection to reflect the State's recent mandated water conservation order due to the drought. The current general manager believes that this methodology will

The district has not conducted a water rate study to determine the appropriateness of its water rate structure to ensure it meets its operating costs on a long-term basis.

provide a reasonable estimate for the district's revenue in fiscal year 2015–16. We believe the district's approach was logical, especially since the drought has made it problematic to use historic trends to predict future water sales.

Although the district appears to now have a reasonable methodology for forecasting its revenue on a short-term basis, it has not conducted a water rate study to determine the appropriateness of its water rate structure to ensure it meets its operating costs on a long-term basis. As a wholesaler, one of the district's main sources of revenue to cover its expenses is the surcharge it adds to the water it purchases from the regional wholesaler and sells to its customers. The district risks running deficits when declining water sales lead to lower surcharge revenues than it estimated and it does not reduce its expenses accordingly. Nonetheless, the district's board has not increased the district's surcharge since fiscal year 2011–12. According to the current general manager, the district intends to contract with an outside consultant to provide technical analysis of its water rate schedule to determine the appropriateness of its rates. He further stated that the district should not adjust its surcharge until it develops a long-term financial plan to forecast its revenues and expenses; the water rate study it plans to conduct can then help it set its water rates to meet these revenue forecasts. The general manager plans to have the water rate study completed by spring 2017.

Largely because the district collected less revenue than it had budgeted, its expenses exceeded its revenues in three of the past five fiscal years. The district incurred deficits in each of the fiscal years 2011–12 through 2013–14, with the largest of nearly \$5 million occurring in fiscal year 2012–13. These deficits were due to a combination of factors, including reduced water sales, increased expenses, and an early debt payment. For instance, the district made a \$3.9 million payment in June 2013 to pay off part of its debt early in order to reduce its overall debt load. In addition, the district's imported water revenue declined by more than \$12 million between fiscal years 2010–11 and 2013–14. During the same time period, its general and administrative expenses increased by more than half a million dollars, in part because its legal costs were greater than \$1.5 million every year from fiscal year 2010–11 through 2013–14. In particular, the district reported historically high general and administrative expenses in fiscal year 2012–13 due to litigation involving another water agency. Further, during fiscal year 2013–14, the district's legal expenses accounted for almost \$2.6 million, or 60 percent, of its general and administrative costs. The district has now settled most of its litigation issues, and its fiscal year 2014–15 legal expenses of \$677,000 were \$900,000 less than its legal expenses in any of the other years during our audit period.

Finally, until recently, the board did not ensure the district had an adequate reserve policy. An article the GFOA published about building a financially resilient government highlights that public entities must maintain a reserve policy as a component of long-term financial planning. By not following a reserve policy in the past, the board did not demonstrate a commitment to financial prudence and careful stewardship of district assets, and the district risked potential adverse impacts from unanticipated expenditures. The current general manager stated he wrote the district's current reserve policy soon after he began providing interim general manager services to the district in November 2014; the board approved the updated reserve policy in April 2015. According to the district's current reserve policy, its reserves are funds it sets aside to achieve its objectives, respond to operational uncertainties, and address emergencies. The district's updated policy establishes funding levels for several designated reserves, which are earmarked for purposes such as cash flow, legal expenses, and building replacement. The current general manager stated that in his experience, an adequate reserve policy is necessary for the financial health of the district and is an important tool to assist with the budgeting process.

According to the finance director, the district will reassess its reserve levels, which totaled nearly \$15 million at the end of fiscal year 2014–15, on an ongoing basis during its budget process. Nevertheless, because the district averaged a \$2.9 million deficit between fiscal years 2011–12 and 2013–14, and if these deficits continue, the district may not achieve its reserve goals.

The district averaged a \$2.9 million deficit between fiscal years 2011–12 and 2013–14. If these deficits continue, the district may not achieve its reserve goals.

The District Could Incur Additional Costs on Its Debt Due to Credit Rating Downgrades in 2013 and 2015

The district may incur an increase in its debt costs due to downgrades by Moody's to its credit rating. In August 2013 and again in October 2015, Moody's downgraded the credit rating on the district's debt. As a result of these downgrades, Moody's current rating indicates the district's debt is upper-medium grade and subject to low credit risk. Nevertheless, in 2014, a former general manager stated he estimated that the district had already incurred costs and would incur additional costs due to the August 2013 credit rating downgrade. In addition, the current general manager stated that due to the October 2015 downgrade, the district will likely incur additional costs when it restructures its outstanding debt.

Moody's stated that it downgraded the district's credit rating on \$53 million of its debt in August 2013 in part to reflect the precipitous decline in the district's debt coverage ratio in fiscal year 2012.

Essentially a calculation of the district's net revenues divided by its net debt-service costs, the debt coverage ratio serves as a benchmark to measure the district's ability to produce enough cash to cover its debt payments. When the district issued debt in the past to fund its capital projects, such as its recycled water distribution system, it entered into debt agreements with financial institutions that required it to maintain a minimum debt coverage ratio of 1.15. As shown in Table 4, the district's debt ratio coverage dropped below the 1.15 ratio required by its debt agreements twice within the past five fiscal years, falling as low as 0.20 in fiscal year 2012–13 but improving since then. According to the district's comprehensive annual financial report for the fiscal year ending June 30, 2013, this decrease occurred in part because the district faced sustained high legal costs and in part because of a decline in water revenues in fiscal year 2012–13. Moody's also stated that the other reason for its 2013 downgrade of the credit rating on the district's debt was the litigation surrounding one of its primary customers. Moody's indicated that it was concerned about the district's ability to restore debt-service coverage and cash reserves to their historic levels.

Table 4
Central Basin Municipal Water District's Debt Coverage Ratio
Fiscal Years 2010–11 Through 2014–15

| REQUIRED DEBT COVERAGE RATIO* | 2010–11 | 2011–12 | 2012–13 | 2013–14 | 2014–15 |
|----------------------------------|---------|---------|---------|---------|---------|
| 1.15 | 1.91 | 0.64 | 0.20 | 1.33 | 1.75 |

Sources: Central Basin Municipal Water District's (district) comprehensive annual financial reports for fiscal years 2010–11 through 2013–14 and the California State Auditor's analysis of information in the district's draft financial statements as of October 2015 for fiscal year 2014–15.

* The required debt coverage ratio is set by the district's debt agreements.

After Moody's downgraded its rating of the district's debt in August 2013, the then-general manager prepared a memorandum to the board in April 2014 in which he estimated that the downgrade would cause the district's costs related to one of its credit agreements to increase by a two-year total of \$65,000 from fiscal year 2013–14 through fiscal year 2014–15. The memorandum also stated that because of the downgrade, the district could face an increase in total interest costs when it issues new debt to restructure its outstanding debt. Specifically, the former general manager estimated that the credit downgrade could result in additional interest costs of between \$100,000 and \$500,000 over the life of the district's restructured debt. The district's current finance director, who was not a district employee at the time, explained that he does not have information related either to the decrease in the debt ratio coverage in fiscal years 2011–12 and 2012–13 or to the costs resulting from the credit rating downgrade. The current general manager

explained that he would like to restructure the district's debt. The district's financial advisor has recommended the district wait until the conclusion of our audit before proceeding with its plans for debt restructuring.

Additionally, Moody's stated that it downgraded the district's credit rating on its debt again in October 2015 because it believed that debt service coverage levels will likely be lower than previously anticipated, given declining operating revenues caused largely by the conservation efforts associated with prolonged drought conditions. The current general manager stated that, as a result of this downgrade, the district will likely incur additional borrowing costs when it issues new debt to restructure its outstanding debt, although it is too early to determine what the actual effect will be. The district's finance director believes this downgrade will not affect the district's current debt costs because the district's debt service coverage remains above the target set by the district's bond agreements.

The district may have struggled with its debt coverage ratio because the board has not ensured the district has a formal debt management policy. In 2011, 2012, and 2013, two different external auditors recommended that the district implement a formal debt management policy. According to the GFOA, a government's adherence to such a policy signals to rating agencies that it is well managed and therefore is likely to meet its debt obligations in a timely manner. The GFOA recommends the policy should include, among other things, debt structuring practices and the potential credit rating impacts of weak debt coverage ratios. Although two district managers wrote memoranda to the board during our audit period that indicate their awareness of the district's debt coverage ratio requirements, the current general manager confirmed that the district has never implemented a formal debt management policy. The current finance director stated he is uncertain why the board did not address the external auditors' past findings but that he is aware of the GFOA's recommendation. He explained that his goal is for the district to maintain a debt coverage ratio of over 1.50. However, the district's lack of a formal debt management policy may put it at risk of making financial decisions that could impair its ability to meet its required debt coverage ratio of 1.15, let alone its higher goal for this ratio.

The district's lack of a formal debt management policy may put it at risk of making financial decisions that could impair its ability to meet its required debt coverage ratio.

The Board's Inaction Resulted in the District's Loss of Insurance Coverage and Subsequent Higher Insurance Costs

The district's costs for its liability insurance increased significantly in 2014 and 2015 when the board failed to take action to preserve its insurance policies. Because an agency such as the district can

The board failed to act on an opportunity to negotiate its coverage with the Insurance Authority before the district's insurance was canceled.

be exposed to significant liability, we believe it is a good business practice for it to maintain both general and employment practices liability insurance. Until May 2014 the district procured its insurance through the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority), a public entity that is a partnership of water agencies that provides risk-sharing pools to meet its members' needs for property, liability, workers' compensation, and employee benefits insurance coverage. However, in March 2014 the Insurance Authority notified the district of its plans to recommend to its executive committee that it cancel the district's participation in the insurance program, citing its concerns with the magnitude and frequency of employment practices claims against the district. The Insurance Authority specifically stated that its greatest concern was that many of these claims stemmed from the board's actions. In that same month, the Insurance Authority's executive committee voted to recommend to its board of directors the cancellation of the district's participation in insurance programs for liability, property, and workers' compensation—a recommendation the Insurance Authority's board of directors approved in May 2014.

However, the board failed to act on an opportunity to negotiate its coverage with the Insurance Authority before the district's insurance was canceled. In April 2014 the Insurance Authority offered the district the opportunity to apply to continue the district's participation in its liability and property insurance programs so long as the district agreed to certain conditions. Specifically, these conditions included the district accepting a six-month suspension of its employment practices liability coverage, withdrawing from the workers' compensation insurance program, assuming responsibility for certain costs resulting from a number of lawsuits, and securing a four-fifths vote by the district's board before it could terminate a general manager. Had the district agreed to these conditions, based on its assessment, it would have had to temporarily obtain workers' compensation and employment practices liability insurance from another insurance provider. However, the district then would have had the opportunity to apply to have its insurance coverage reinstated by the Insurance Authority.

During March and April 2014 district staff informed the board on several occasions of the causes and consequences of the potential loss of the district's insurance coverage, as well as proposed solutions. At a board meeting in late April 2014, the board postponed its decision on its response to the Insurance Authority's proposal. Instead, it stated that it would consider the district's insurance coverage at a special meeting that was scheduled just days before the Insurance Authority's May 5, 2014, meeting when it was to consider the district's response to its proposal. However, the special meeting was canceled because not enough board members

attended. As a result of the board's inaction, it failed to reach an agreement on the Insurance Authority's proposed conditions or to submit a counterproposal before the meeting. Consequently, the Insurance Authority's board of directors voted in May 2014 to cancel the district's insurance coverage effective in June 2014. Before its cancellation became effective, however, the district withdrew from the Insurance Authority's coverage in order to obtain coverage from alternate carriers in May 2014.

The district subsequently obtained new insurance; nonetheless, the board's poor management practices caused the district to lose a part of that coverage. As previously mentioned, the Insurance Authority proposed as one of its conditions that the board require a four-fifths vote to terminate its general manager. However, the board did not agree to this condition before the Insurance Authority canceled its coverage. After the district had obtained new insurance coverage from private insurance companies, the district's insurance broker warned the district in September 2014 that any change to senior staff would create a level of uncertainty in the insurance markets that would affect the pricing for the district's employment practices liability insurance. Despite this warning, the board terminated the district's then-general manager the next month in October 2014. In response, he filed a legal claim in February 2015 for more than \$8.2 million against the district and three board members for wrongful and illegal termination. At that time, the insurance company that provided the district with its employment practices liability coverage notified the district that it would not renew the district's policy when it expired in May 2015, citing its annual reevaluation of risks in light of changing conditions in the insurance market. As a result of the board's poor decision making, the district is currently paying substantially more for less general liability and employment practices liability insurance coverage than it had before, as noted in Table 5 on the following page.

If the board fails to maintain the district's current insurance coverage, it will place the district at risk of becoming uninsurable. According to correspondence from the district's insurance broker in May 2015, marketing of its employment practices liability insurance coverage has been quite challenging. In fact, the insurance broker notified the district that it had approached numerous companies to obtain quotes for the district's coverage, but only two responded while all the others declined. In other words, the coverage the district obtained in June 2015 was the less expensive of the only two quotes it received, in part due to the district's history of litigation.

If the board fails to maintain the district's current insurance coverage, it will place the district at risk of becoming uninsurable.

Table 5
Central Basin Municipal Water District's General Liability and Employment Practices Liability Insurance Coverage and Costs
October 2013 Through June 2016

| COVERAGE PERIOD | | OCTOBER 1, 2013, THROUGH MAY 15, 2014* | MAY 15, 2014, THROUGH MAY 15, 2015 | | MAY 15, 2015, THROUGH MAY 15, 2016 | |
|---|---|---|---|---|--------------------------------------|------------------|
| General liability coverage | \$2 million per occurrence Carrier: Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority) Deductible: \$10,000 | \$1 million per occurrence Carrier: Allied World Assurance Company | Deductible: \$1,000 | \$1 million per occurrence Carrier: Allied World Assurance Company | Deductible: \$10,000 | |
| | | | Premium: \$49,950 | | Premium: \$49,096 | |
| COVERAGE PERIOD | | | MAY 15, 2014, THROUGH JUNE 15, 2015 | | JUNE 15, 2015, THROUGH JUNE 15, 2016 | |
| Employment practices liability coverage | | \$2 million per claim Carrier: ACE Municipal Advantage | Self-Insured Retention: [†] \$100,000 | \$1 million per claim Carrier: Kinsale Insurance Company | Deductible: \$250,000 | |
| | | | Premium: \$69,826 [‡] | | Premium: \$150,000 | |
| Total annual premium | | \$70,420[§] | | \$119,776[‡] | | \$199,096 |

Sources: Central Basin Municipal Water District (district) insurance policies and its comprehensive annual financial reports for fiscal years 2010–11 through 2013–14.

* The district maintained insurance through the Insurance Authority from the beginning of our audit period in July 2010 through May 2014.

† The district's former employment practices liability insurance had a self-insured retention rather than a deductible. The insurance carrier's liability only applies to the part of damages and claim expenses that are in excess of the retention.

‡ The district made an additional \$6,000 payment for a one-month extension to this insurance policy, which is not included in the amount above.

§ The \$70,420 was the cost to the district of the policy through September 2014. However, the Insurance Authority voted to cancel the policy effective in June 2014, but the district withdrew from coverage earlier in May 2014.

Further, according to the current general manager, the district losing its insurance would expose it to substantial liability and severe operational impacts. For example, between 2013 and 2015, the district's insurers paid out about \$1 million in claims against the district, amounts the district would have had to pay on its own in the absence of any insurance coverage. As of September 2015 the district had three employment practices lawsuits pending against it, including the more than \$8.2 million lawsuit from the former general manager, which demonstrates the magnitude of the financial risk the district could face in the absence of adequate insurance coverage.

A New Method of Governance Would Improve the District's Leadership

As described in this chapter, the board has failed to lead the district in a manner that encourages its efficient operation and effective management. Further, as we will show in Chapters 2 and 3, the board has violated its own policies related to contracting and hiring, and it also violated state open meeting law when it inappropriately approved the establishment of a legal trust fund in 2010. The

board's poor decisions over the past five years have eroded the public's trust in the district and cost the district many thousands of dollars in misspent funds.

As previously discussed, the district and board recently made certain changes that have improved—or have the potential to improve—the management of the district. Most significantly, in the past year, the board hired a general manager with significant experience managing another water district and a finance director with experience in local government. Also, in July 2015 the board approved various changes to the district's administrative code that, if followed, will help the district to address some of the issues we describe in this and subsequent chapters. Finally, since October 2014 the district has generally held monthly meetings for its customers to update them on the district's activities and other issues of interest. Such meetings provide an opportunity for the district to report to and receive feedback from its customers.

Although these are positive steps, we remain skeptical of the board's ability to consistently ensure the district's stability and to provide it with effective, ongoing leadership. For instance, days after an October 2014 report by the County of Los Angeles Department of Public Works (Public Works) noted the improved stability of the district's operations and senior management team, the board voted to terminate the employment of the individual serving as general manager at that time. At this time, we have little assurance that the board will not make similar decisions in the future that could undo the positive effects of the recent changes.

Overall, Public Works' report was critical of the district, and it included an exploration of the steps necessary to dissolve it. However, the report stopped short of recommending such an extreme action. Public Works noted that the Local Agency Formation Commission for the County of Los Angeles (LAFCO) controls the process for dissolving the district. Under state law, a petition for dissolution of the district could be filed by a resolution of the legislative body of an affected agency such as a city, county, or the district itself. A petition may also be filed by 10 percent of the voters in the district, or LAFCO itself may initiate a proposal. State law then requires LAFCO to hold a public hearing on the proposal and inform the affected entities, including providing written notice of the hearing to landowners and registered voters. Further, LAFCO may terminate the proposed dissolution or place the matter up for a vote by the voters in the district, depending on whether protests are received to the proposal under various specified conditions.

If the district were dissolved, another entity would need to take over its responsibilities. According to state law, the choice of a successor to the district would be based on the existing jurisdiction

Although the district and board have made positive steps to improve the management of the district, we remain skeptical of the board's ability to consistently ensure the district's stability and to provide it with effective, ongoing leadership.

Should the board not succeed in maintaining a stable leadership team, experience additional lawsuits, or lose its insurance coverage again, it will risk not being able to operate effectively as an independent entity.

within the district—such as the county or an individual city—that has the greatest assessed value of taxable property, or the terms and conditions of the petition for dissolution could name the entities to take responsibility for the district’s duties. Public Works’ report also noted that a reorganization of the district—for example, breaking it into smaller pieces—is also under the jurisdiction of LAFCO and would be subject to steps similar to those required to dissolve it. The report did not indicate whether Los Angeles County would be willing or able to take on the district’s work itself, nor did it recommend another entity to assume those responsibilities. Instead, the report recommended this audit.

Given the concerns we raise in this report, a dissolution or restructuring may become necessary in the future. Should the board not succeed in maintaining a stable leadership team, should the district experience additional lawsuits, or should it lose its insurance coverage again, it will risk not being able to operate effectively as an independent entity. However, because of the district’s recent progress, a complete dissolution may be premature at this time.

A less extreme option to address the lack of leadership of the district would be to change its governance structure. Currently, the five divisions within the district elect the board members by popular vote, but electing new board members has proven to be ineffective at improving the board’s leadership. For example, in 2012 two board members were defeated and replaced with two new individuals, yet some of the same problems we discuss in this report continued well beyond 2012. In fact, the financing of board members’ political campaigns may also have contributed to some of the missteps we describe in this report, as their campaigns receive donations from entities doing business with the district.

To address the problems we found, we believe that board members need to be answerable to those who select them. Although the voters in the district elect the board members, the district’s direct customers are not members of the public; rather, they are the cities, other water districts, mutual water companies, investor-owned utilities, and private companies to whom the district sells imported and recycled water. Because these entities do not select the board members, the board members are only indirectly accountable to those they actually serve. As a result, the board may face few or no repercussions if it chooses to ignore the input of the district’s customers. Further, the board’s responsibilities are narrow in scope. Specifically, the district’s role is to purchase water from a limited number of sources and resell it to entities who in turn sell it directly to the public. Such a role does not require broad policy making, but instead requires significant input from its customers

regarding water purchases and sales. The district and its residents would be better served if its direct customers were able to select its policymakers.

Consequently, we believe an option for improving the district's governance would involve a board appointed by its customers, a structure for which precedent exists. For example, Metropolitan, which delivers water to numerous member public agencies including the district, has a board composed of representatives from its member agencies. The San Diego County Water Authority also has a board appointed by its member agencies. If the Legislature chooses to act on our recommendation, it could preserve the district as an independent entity, allowing the district to continue to provide both imported and recycled water without confusion or disruption. However, the Legislature could modify the district's governance structure to adopt an appointed board, thus improving the board's accountability to the entities the district serves. Further, because the local entities the district serves would appoint the board members from within their communities, the board would continue to represent the interests of the residents of the district.

The district's current general manager expressed reservations about an appointed board. He acknowledged that an appointed structure is possible but stated that such a move may simply replace one set of problems with another. For example, he said that state law does not provide for private water companies or mutual water companies having a seat on the board. Instead, the underlying city is represented, which would create a disconnect between service and rate setting and affect 25 percent of the district's service area. Further, the general manager stated that the district's electors are not its direct customers; however, they are all rate payers through the district's standby charge. Also, he stated that the district serves residents through 40 water retailers⁵ and one water wholesaler. All of the district's customers benefit from district activities, including its Metropolitan representation and its efforts regarding water conservation, water recycling, water resources planning, and water education. Further he stated that rate setting by more than 40 agencies—which is the model Metropolitan follows—that benefit in different ways from their associations with the district would be difficult and divisive. The electorate provides a balance for the various water entities the district serves and helps to ensure that they do not unduly influence the board. He said that, depending on how the district's customers were to select their appointed representatives, larger or wealthier water districts could attempt to establish policies that disadvantage smaller or less wealthy districts. Finally, he noted that the district has been in existence for more than 60 years and the structure has worked fine for most of that period. In the opinion of the current general manager, the

We believe an option for improving the district's governance would involve a board appointed by its customers, a structure for which precedent exists.

⁵ As indicated in the footnote on page 83, the district provided us with updated information in March 2016 that reflected it had 40 water retailers.

problems in the last five years are a result of actions by individual board members and not a failure of the institutional structure. Nevertheless, as we previously discussed, the district's board is not directly accountable to those the district serves, and the decisions it needs to make are narrowly defined according to the district's mission. Given the significant problems we outline in this report and the lack of leadership displayed by the board, in our judgment it is time to consider an alternate governance structure to improve the accountability of the board to its customers and ensure the district continues to focus on its responsibilities.

Recommendations

Legislature

To ensure the efficient and effective delivery of imported and recycled water in southeastern Los Angeles County, the Legislature should pass special legislation to preserve the district as an independent entity but modify the district's governance structure. In doing so, the Legislature should consider a governance structure that ensures the district remains accountable to those it serves; for example, the district's board could be changed from one elected by the public at large to one appointed by the district's customers.

District

To ensure the stability of the district's operations, by June 2016 the district's board should establish a formal policy for hiring for the general manager position. Because the current general manager is on a contract set to expire in May 2017, the board should initiate the hiring process for a new general manager or begin the process of renegotiating the contract with the current general manager in the fall of 2016.

To better address potential ethical violations, the district should implement by June 2016 a means for investigating board members' and staff's potential violations of the district's code of conduct and conflict-of-interest code that would insulate those investigations from undue influence from either the board or the general manager.

To evaluate its progress toward its goals and objectives, the district should use its recently adopted strategic plan and issue an annual report that describes the steps it has taken toward achieving the goals and objectives in the strategic plan.

To ensure its long-term financial sustainability, the board should complete a long-term financial plan no later than December 2016.

To ensure its water rate structure is appropriate to provide the revenue necessary to cover its legitimate costs, the district should complete its planned water rate study no later than the spring of 2017.

To strengthen its financial stability against present and future uncertainties, the district should follow its recently adopted reserve policy.

To ensure that it continues to take steps to improve its financial condition and avoids additional costs due to downgrades of its debt credit ratings, the district should immediately create a formal debt management policy. This policy should clearly define its credit objectives and provide guidelines for suitable debt agreements. This policy should also require the district to periodically monitor its specific financial ratios, such as its debt coverage ratio, that are relevant to its credit rating.

To help it maintain its current insurance coverage and better position it to negotiate for more cost-effective and appropriate coverage in the future, the board should immediately adopt a policy requiring a four-fifths majority to terminate the district's general manager. Further, the board should review the district's insurance coverage annually and renegotiate costs and coverage amounts as necessary, particularly as the district resolves outstanding legal claims against it.

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Chapter 2

THE CENTRAL BASIN MUNICIPAL WATER DISTRICT HAS ESTABLISHED INADEQUATE POLICIES RELATED TO CONTRACTING AND EXPENDITURES AND HAS CIRCUMVENTED OTHER POLICIES

Chapter Summary

The Central Basin Municipal Water District (district) has not always demonstrated good stewardship of the public funds entrusted to it. Its board of directors (board) violated state law when it set up a legal trust fund (trust fund) in 2010 that it did not disclose to the public. Further, the board's inadequate oversight of the millions of dollars of expenditures its outside legal counsel subsequently made from the trust fund may have led to payments for services unrelated to the fund's purposes. In addition, the district consistently engaged in questionable contracting practices during our audit period. Specifically, it improperly avoided competitive bidding when selecting vendors in more than half the contracts we reviewed, and it inappropriately used amendments to extend and expand other contracts. Its inadequate contract management may also have led it to pay for unnecessary or unperformed services. Finally, some of the district's expenditures very likely could be viewed as gifts of public funds.

The Board Established an Improper Legal Trust Fund and Did Not Disclose Its Actions to the Public

In June 2010, the board improperly approved the establishment of a trust fund for which it authorized the use of an unspecified amount of money, ultimately totaling millions of dollars, without adequate disclosure to the public. Because the board took this action in a closed session, we believe it violated state open meeting law. Further, the board allowed its outside legal counsel to make expenditures from the trust fund with no board oversight; thus, it has no assurance that its outside legal counsel used the trust fund only for purposes that aligned with the fund's original intent.

According to a board member at the time, the board voted in a closed-session meeting on June 28, 2010, to approve the establishment of the trust fund whose proceeds would be used to develop a programmatic environmental impact report (PEIR) to support a groundwater storage program. The money in this trust fund was to be held by outside legal counsel retained by the district at that time. According to the former board member, the board also authorized its then-general manager and the outside legal counsel

to use whatever financial resources they deemed necessary to develop the PEIR. However, the published agenda for this meeting indicated that the purpose of the closed session was to discuss an issue under the pending litigation exception.

The California Constitution provides that the constituents of public agencies have the right of access to information concerning those entities' conduct, and therefore the entities' meetings and writings must be open to public scrutiny. To ensure that public entities, in this case the district's board, meet this goal, the Ralph M. Brown Act (Brown Act) requires them to hold open and public meetings unless a specific closed-session exception applies. The board's meeting minutes from June 28, 2010, indicate that the board believed it did not have to meet in open session under the Brown Act to discuss the establishment of the trust fund because the Brown Act makes an exception for pending litigation. This exception authorizes legislative bodies to discuss pending litigation, including anticipated litigation, in closed session with legal counsel if public deliberation on the matter would prejudice the legislative body's litigation position. However, the pending litigation exception permits public entities to receive legal advice and make litigation decisions only; the Brown Act does not allow them to use the exception as a subterfuge to reach nonlitigation-oriented policy decisions.

Although the board had previously been involved in a legal dispute regarding the storage of groundwater, we did not observe evidence that suggested such litigation could reasonably be anticipated when the board took this action. An investigation performed by a law firm subsequent to the establishment of the trust fund stated that, while the board's decision to create a groundwater storage plan was within the district's legal authority at the time, if this action were to be reviewed by a governmental authority, that authority would conclude that this action should have been taken in open session.

We believe the board should have held the vote to establish the trust fund in open session.

We also believe that the pending litigation exception did not apply in this case and that the board should have held the vote to establish the trust fund in open session. Although the board's official minutes from the June 2010 meeting state that in closed session it authorized its then-general manager to provide resources and enter into an agreement as necessary for ongoing litigation, the law firm's investigation found reason to believe the board used the discussion and vote to finance many nonlitigation expenses, avoid criticism, and create a PEIR. Although the investigation concluded that the board relied on its outside legal counsel's advice when it decided that it was permitted to discuss and cast its vote in closed session, we believe it was the board's responsibility to be

intimately familiar with the laws governing its operations, including the Brown Act, and that it should have questioned its outside legal counsel's advice on this matter.

Further, the district did not disclose to the public the \$2.75 million in transfers it made to the trust fund. It omitted the first \$2 million in transfers from its public expenditure reports, and it reported the final transfer of \$750,000 as a generic "legal services" expense. These omissions deprived the district's constituents of their constitutional right of access to information concerning the district's conduct.

Once the board approved the establishment of the trust fund, the district violated another state law that requires the general manager to select competent environmental professionals when it instead allowed the district's outside legal counsel to make this selection and contract with vendors to provide various services, including creating the PEIR. In fact, as reported in the law firm's investigation, the district's outside legal counsel selected the vendors, drafted contracts, and processed payments from the fund. According to a board member who approved the establishment of the trust fund, he did not have specific knowledge of how the outside legal counsel spent the resources of the trust fund because those expenditures did not come before the board for its approval. This acknowledgment indicates that the board did not ensure district staff or outside legal counsel provided it with the information necessary for it to fulfill certain of its duties, such as safeguarding the assets of the district.

In addition, because the board did not approve the expenditures the district's outside legal counsel made from the fund, the board could not ensure the district's outside legal counsel entered into only contracts related to the fund's purpose. As indicated in the law firm's investigation, the outside legal counsel tracked the expenditures outside of the district's ordinary course of business. Because of this lack of oversight, the district's outside legal counsel may not have spent all the money in the trust fund on the purpose for which it was established. As shown in Table 6 on the following page, the outside legal counsel paid a total of roughly \$2.3 million from the trust fund to the engineering services firm that was primarily responsible for creating the PEIR. However, according to the contracts or other available documentation, it also paid more than \$400,000 to seven other consultants for services, summarized in Table 6.

The district appears to have received very little value from its trust fund expenditures. In August 2012, after the district's outside legal counsel had spent most of the trust fund, the governor approved statewide legislation that effectively denied the district the authority to manage, control, or administer the importation of water for the storage of groundwater. Nevertheless, the engineering services firm had created a draft PEIR by this time. As noted by the law

The district did not disclose to the public the \$2.75 million in transfers it made to the trust fund—it omitted \$2 million from its public expenditure reports, and it reported \$750,000 as a generic "legal services" expense.

firm's investigation, the district categorized this cost as a five-year capital asset rather than as a litigation expense. The district's decision to categorize the cost of the PEIR as an asset instead of as a litigation expense further demonstrates that the pending litigation exception described earlier did not apply and that the board violated the Brown Act when it established the fund.

Table 6**Summary of Expenditures From the Central Basin Municipal Water District's Legal Trust Fund**

| CONTRACTOR | TOTAL AMOUNT PAID | TYPE OF FIRM | CONTRACTED SERVICES |
|---|---------------------|--------------------------|--|
| HDR Engineering, Inc. | \$2,298,750 | Engineering services | To create a programmatic environmental impact report (PEIR) and to provide water resources consulting services. |
| Mark Fabiani LLC and CSL Strategies LLC | 270,000 | Strategic communications | To provide advice, counsel, and litigation support regarding the representation of the district in various litigation and other related matters, including both ongoing and potential or anticipated litigation. |
| Matrix New World Engineering, Inc. | 38,725 | Engineering services | To conduct a peer review of the PEIR. |
| Horvitz & Levy LLP | 33,185 | Law | To conduct all necessary legal research and prepare and file in the California Supreme Court a letter asking it to depublish the Court of Appeal's opinion in a lawsuit to which the district was not a party. |
| Irell & Manella LLP | 25,000 | Law | To provide legal consulting services in connection with appellate proceedings in a lawsuit between the local replenishment district and local cities. |
| The Calderon Group | 20,000 | Consultant | To provide advice and consultation services related to ongoing litigation, as well as to provide advice and/or settlement negotiation consultation concerning the storage and extraction of groundwater resources. |
| Fitzgerald Public Finance | 15,625 | Financial services | To provide advice with regard to financial matters as needed related to ongoing litigation, as well as to evaluate financial implications and resources of the storage and extraction of groundwater for anticipated litigation. |
| Iverson, Yoakum, Papiano & Hatch | 553 | Law | To provide advice with regard to legal matters related to ongoing litigation, as well as to evaluate an opinion on other legal issues involving litigation. |
| Total | \$2,701,838* | | |

Sources: Accounting records, contracts, and other available documentation provided by the Central Basin Municipal Water District (district).

* The remaining balance of approximately \$48,000 plus interest left in the trust fund after the final disbursement by the district's outside legal counsel was transferred back to the district by the end of January 2013.

Finally, as a result of the board establishing the trust fund in closed session and not disclosing its actions to the public, the district incurred significant investigative and legal costs. Specifically, according to the district's records, it has spent more than \$500,000 on a law firm's investigation and on legal costs related to a whistleblower lawsuit filed by a current board member. In particular, in 2013 a current board member who was not involved in establishing the fund filed a lawsuit under the California False Claims Act (CFCA) against certain former district contractors and employees pertaining to the establishment and

use of the trust fund.⁵ The purpose of the lawsuit is to recover the money transferred to the fund and to recover certain damages and expenses related to the district officials' actions. As of November 2015 the outcome of this lawsuit was still pending.

The District Did Not Consistently Use Competitive Bidding and May Not Have Received the Best Value for Its Expenditures

The district did not consistently adhere to robust contracting policies and practices between fiscal years 2010–11 and 2014–15. Specifically, we found that the district did not adequately adhere to its own policies when it did not competitively bid 11 of the 20 contracts we selected for review. Further, it used amendments to circumvent the competitive bidding process in four out of five additional contracts that we reviewed. When the district does not make full use of its competitive bidding process, it cannot ensure that it receives the best value for the public funds it awards and it increases the risk that its board members or staff will develop conflicts of interest with vendors.

The District Inappropriately Avoided Competitively Bidding Its Contracts

Competitive bidding is a vital component of the district's contracting practices. The district states in its procurement policy that it is committed to obtaining the most reasonable value for the goods and services it purchases. Further, the district states that it will procure the services of consultants and contractors through a competitive bidding process. The text box describes the district's competitive bidding requirements for services at different purchasing levels. When the district purchases services without using competitive bidding by entering into a contract with a singular or sole-source service provider, it skips key steps in its vendor selection process. These steps, such as soliciting bids and evaluating vendors, help the district to ensure it meets its commitment to obtain the most reasonable value for its purchases. Figure 6 on the following page illustrates the

Central Basin Municipal Water District Procurement Authorization Requirements for Contracts for Professional Services

- Services up to \$5,000 require a single price quote and purchase order approved by the department manager and the general manager.
- Services over \$5,000 and up to \$25,000 require an informal solicitation with at least three competitive proposals or quotes, a justification for the contract award, and a contract executed by both the general manager and the Central Basin Municipal Water District's (district) general counsel.
- Services over \$25,000 require a formal solicitation process and board approval prior to execution of the contract by the general manager and district general counsel.

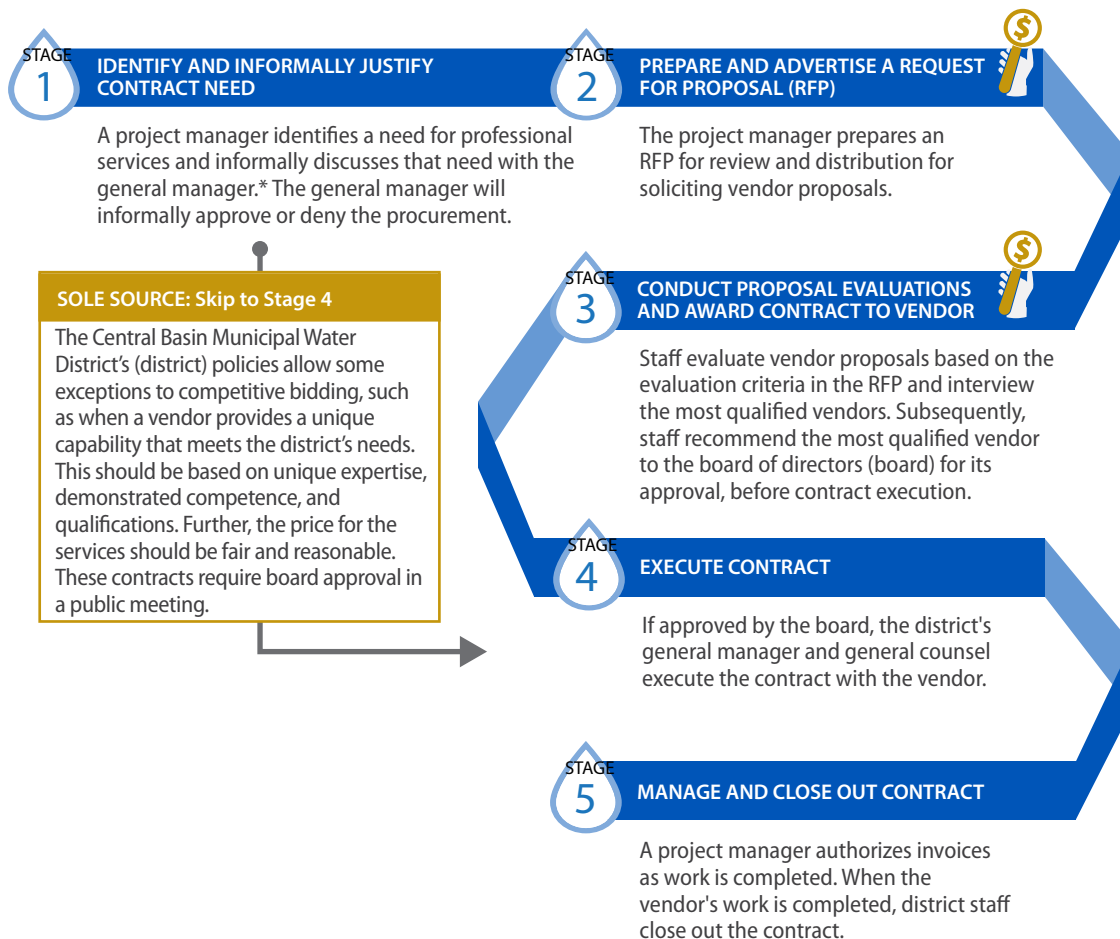
Source: The district's administrative code.

⁵ The CFCA permits private residents to initiate and prosecute false claims actions on behalf of the state or local government entity whose funds are at issue. Private suits under the CFCA are permitted as *qui tam* actions, in which prevailing private litigants are entitled to a percentage of the proceeds recovered as payment for their efforts in successfully prosecuting fraudulent claims against the government. The district declined to join the board member as a plaintiff in the lawsuit, and the board member is pursuing the lawsuit as a private resident on behalf of the district.

district's contracting process for obtaining services valued at greater than \$25,000 and the critical stages in this process that the district bypasses when it chooses to use sole-source contracts.

Figure 6

Summary of Key Stages in the Central Basin Municipal Water District's Procurement Process for Professional Services Contracts Greater Than \$25,000



Sources: The district's administrative code, procurement procedures, interviews with district staff, and the California State Auditor's observations during its testing of the district's contracts.

* The general manager can also be a project manager.

Despite a policy to competitively bid its contracts, the district frequently purchased services through sole-source contracts, often without providing sufficient justification for circumventing the competitive bidding process. Specifically, 13 of the 20 district contracts we reviewed were sole-source. The district's procurement policy suggests that the district's justification for using a sole-source contract when purchasing services demonstrates either that a vendor has a unique capability that meets the district's needs or that

it is an emergency. According to the district's policy, the district should base the determination to award a sole-source contract because of a unique need based on the vendor's unique expertise, demonstrated competence, and qualifications. However, the district did not include adequate justifications for 11 of the 13 sole-source contracts we reviewed.

The district's justifications for these 11 contracts did not contain all of the information its policy suggests its justifications should include. For example, in July 2012 a former general manager approved a sole-source contract with the overall objective of providing professional assistance to the district's public relations efforts and to support the district and board by creating the public perception that district staff are committed to the betterment of the community. The general manager at the time entered into this contract under his authority for an amount not to exceed \$24,960. In his justification for the contract, he stated that communication with local agencies became strained two to three months earlier and a sole-source contract was necessary because staff could not take the normal amount of time to solicit firms for this service. Similarly, in February 2013 a former public affairs manager justified a sole-source contract not to exceed \$9,000 for specialized media and public relations services by stating that the district was in a transitional period, had come under increased legislative and media scrutiny, and needed a crisis media expert immediately to assist with correcting misperceptions and misinformation. Neither of these justifications provided any description of the vendors' unique expertise or demonstrated competence and qualifications, nor did they indicate an emergency. When the district does not adequately justify the reasons it enters into sole-source contracts, it cannot demonstrate it received the best value for the services it procures and it leaves itself vulnerable to allegations of favoritism.

Other public entities have more restrictive requirements for sole-source contracts than the district. For example, the San Diego County Water Authority's policy allows for noncompetitively bid procurements only when a contract's requirements are so critical or call for such specialized expertise that only one source is capable of providing the services. State law also limits the circumstances under which a state agency may procure goods and services without a competitive bidding process. For example, a state agency can use a sole-source contract in an emergency, when immediate acquisition is necessary for the protection of the public health, welfare, or safety. Further, the *State Contracting Manual* requires a department that awards a sole-source contract to submit detailed information explaining why it circumvented the competitive bidding process, including its reasons for restricting the purchase to one vendor, the events leading to the purchase, a description of the vendor's uniqueness, the consequences of not purchasing from

The district did not include adequate justifications for awarding 11 of the 13 sole-source contracts we reviewed.

When the district cannot clearly identify and justify its reasons for avoiding a competitive bidding process, it leaves itself vulnerable to allegations of favoritism.

the vendor, market research to substantiate lack of competition, and an evaluation of other items it considered. By contrast, the policies the district had in effect since the beginning of our audit period suggested but did not require that it justify sole-source contracts based on a vendor's unique ability or based on emergency circumstances. When the district cannot clearly identify and justify its reasons for avoiding a competitive bidding process, it leaves itself vulnerable to allegations of favoritism. Moreover, it also cannot demonstrate that it is obtaining the best value for the services it purchases with public funds.

The District Inappropriately Used Amendments to Extend and Expand Contracts

The district's inappropriate use of amendments to extend and expand contracts left it unable to demonstrate that it did not pay more than it should have for services. Although the district's administrative code requires board approval of contract amendments that exceed the contract amounts the board originally approved, it does not offer guidance on the circumstances under which the district should amend an existing contract rather than use competitive bidding. According to the *State Contracting Manual*, a contract amendment that changes a contract's original scope of services constitutes a noncompetitively bid contract award. It defines changes to quantity, pricing, and products as scope changes. Although we could not identify a similar district policy or process related to amendments that change a contract's scope of work, the district's current general manager stated that the district should reopen a contract to competitive bidding when the scope of work is so different that it constitutes a new project altogether. However, we noted instances in which the district appeared to circumvent the competitive bidding process by amending existing contracts to add new services. We also found an instance in which a former general manager failed to adhere to board instructions when amending a contract.

The district circumvented the competitive bidding process through contract amendments on several occasions during our audit period. In fact, we found that four out of five contracts with significant amendment histories that fell within our audit period contained amendments that the district could have opened for competitive bidding. For example, in October 2009 the district entered into a \$920,000 contract with a nonprofit foundation to purchase and install 3,000 high-efficiency toilets for residents of a city within the district's service area. Four months later, however, the district amended the contract to include marketing and outreach services to the city's residents to promote the program and educate the community about the city's water conservation

efforts, and increased the contract amount by \$27,400. Because these services are a separate product from purchasing and installing toilets, the district could have competitively bid these services. In another example, the board failed to competitively bid strategic planning duties for the 2010 strategic plan we discussed in Chapter 1. Specifically, the district engaged the services of a human resources consultant to provide various human resources work in October 2008. However, in November 2009 the board approved changing this vendor's contract to include providing services related to strategic planning for the district's management team and board—a separate work product from the original scope of work. Ultimately, the board never approved the strategic plan or ensured its proper implementation. When the district chooses not to use competitive bidding to purchase additional goods or services and instead adds them to existing contracts through amendments, it risks paying for services that are not the best value for the district and creates the appearance of favoritism when other potential bidders are not given the opportunity to compete.

Because the district does not maintain and adhere to clear contract amendment policies, it risks spending millions of dollars on professional services of substandard value. Unaudited district records from the database it has used since 2012 indicate that the amendments it executed during the most recent three years of our audit period constituted a sizable portion of its contracts' overall costs. Our review found that the district had 264 contracts that were active between July 2012 and July 2015. We calculate that during these three years, the district executed a total of 134 amendments to 65 of these contracts. These 134 amendments increased the total cost of the associated contracts by roughly \$14 million, from more than \$15 million to almost \$30 million. When the district avoids seeking competitive bids on new work and instead amends existing contracts, it increases the risk that it is spending millions of dollars on services that may not provide the best value.

We also identified an instance in our review of 20 contracts that were active between July 2010 and June 2015 in which the district mishandled an amendment. In April 2012 the board voted to amend a \$36,000 contract with a consultant who provided public affairs and public policy outreach services, increasing the contract's value by \$6,000, and extending its term by two months. Although the contract's total value after the amendment should have been \$42,000, the general manager at the time did not adhere to the board-approved changes and instead amended the contract by increasing its value by \$42,000, for a total contract value of \$78,000. He also increased the contract's term by 14 months rather than two months. According to district records, the district ultimately paid the vendor \$30,000 during the amended term of the contract,

Between July 2012 and July 2015, the district executed a total of 134 amendments to 65 of these contracts, increasing the total cost of the associated contracts by roughly \$14 million to almost \$30 million.

or \$24,000 more than the amount of the amendment authorized by the board. According to district records, staff noticed this discrepancy in an audit of the district's contracts and in February 2013 asked the board to retroactively approve the additional payments. Although the board later approved the payments, the initial mistake was a violation of the district's administrative code that cost the district more than the original contract amount.

The district can do more to ensure that it executes accurate amendments that its board has approved. For example, according to its administrative code, the San Diego County Water Authority requires its general manager to provide annual reports to the district's board of directors on all the contracts and contract amendments greater than \$10,000 made or awarded by the general manager. The San Diego County Water Authority's administrative code states that the report must identify the original amount and term of each contract, its total number of amendments, its cumulative dollar value, and any extensions to its term. By requiring a similar report, the board could ensure that it has the opportunity to review the amendment history of contracts to identify errors in contract execution and to uncover instances in which the district could have used competitive bidding.

The District Repeatedly Circumvented Competitive Bidding in Its Contract With One Firm

The district spent several million dollars on a contract with one firm—Pacifica Services Incorporated (Pacifica)—that exemplifies the concerns related to competitive bidding that we have previously described. According to its marketing materials, Pacifica is a professional consulting firm that specializes in providing engineering, environmental, and related management services to various clients, including private-sector entities and federal, state, and local public agencies. In October 2007 the district entered into a \$600,000 contract with Pacifica to perform a variety of activities that included assisting the district with recycled water operations, providing technical assistance for the district's southeast water reliability project, and managing the district's move to a new headquarters. However, the district did not use its competitive bidding process when it awarded this contract to Pacifica. Further, it subsequently amended the contract numerous times, in some cases changing the original scope of work. The contract ended in 2013.

When we reviewed the contract files and board approvals for the district's original contract with Pacifica, we could not find any requests for proposals, Pacifica's proposal, or other competitive bidding process documents that would accompany a competitively bid contract. When we asked the district's interim engineering and

operations manager why the district did not get competitive bids for this contract, she stated that the district executed the contract before her employment. Other district staff we interviewed who were employed at the time of the contract's execution also did not know why the contract was not competitively bid because they told us they were not directly involved with it. The district could not provide any evidence that the services procured from Pacifica were unique and that a sole-source procurement was justified. Consequently, the district cannot demonstrate that it received the best value for the public funds it spent on the services in this contract.

The district ultimately amended its contract with Pacifica eight times, two of which we identified as opportunities to competitively bid as separate contracts. In October 2009 the district amended Pacifica's contract, adding nearly \$1.9 million to its value and 18 months to its contract term so that Pacifica could provide project management services during construction of the district's southeast water reliability project. The district had not specifically included this project in the contract's original scope of work. Further, in July 2011 the district executed another amendment for \$278,000 for engineering design, project management, and construction management services for new projects not included in the contract's original scope of work. In fact, at the time it executed this amendment, the district recorded in the board's action calendar that the contract's original scope of work was nearing completion, which suggests that the district could have competitively bid for these services. When we asked the district's interim engineering and operations manager about these amendments, she stated that she was not a part of the district's management when Pacifica contracted with the district. Because the services the district covered in these two amendments could have been competitively bid as new contracts, the district cannot ensure that it received the best value for the more than \$2.1 million it spent on them.

Moreover, circumventing competitive bidding processes can lead to the district developing inappropriate relationships that influence how it recommends and approves its contract awards. Early in 2015 the Fair Political Practices Commission (FPPC) found that during the majority of the period of the district's contract with Pacifica, the district's former general manager accepted gifts from this contractor in excess of annual gift limits and failed to report to the public in a timely manner 31 gifts totaling approximately \$3,500. These gifts included rounds of golf and a company holiday party. The FPPC further determined that the former general manager made, participated in, or attempted to use his official position to influence eight district decisions to award Pacifica more than \$6 million in contracts. The FPPC also found that one of the district's board members during this same time period committed similar violations by voting to approve these contract awards,

In 2015, the FPPC found that the district's former general manager accepted gifts from Pacifica in excess of annual gift limits and failed to report to the public in a timely manner 31 gifts totaling approximately \$3,500.

By the time the district made its final payment to Pacifica in April 2013, district records indicate it had paid the firm nearly \$4.2 million, or roughly \$3.6 million more than the original contract amount.

accepting gifts from Pacifica in excess of gift limits, and failing to report 28 gifts totaling approximately \$4,400. The FPPC fined the former general manager and former board member \$30,000 and \$31,500, respectively, for the violations.

The Pacifica contract and a subsequent legal settlement ultimately cost the district more than \$5 million. By the time the district made its final payment to Pacifica in April 2013, district records indicate it had paid the firm nearly \$4.2 million, or roughly \$3.6 million more than the original contract amount. Further, in July 2013 the district sued Pacifica for fraud and misrepresentation. The district settled its dispute with Pacifica in June 2014 and agreed to pay an additional \$875,000 to the firm. Because the district did not use its competitive bidding process when it awarded and amended its contract to Pacifica, it cannot know whether it received the best value for the services it purchased. Finally, neither the district nor the public can know to what degree the district's decisions to enter into the contract and to add subsequent amendments were motivated by conflicts of interest rather than what was best for the district.

The District Has Poorly Managed Its Contracts and Did Not Always Follow Best Practices or Its Own Contracting Procedures

In addition to failing to use competitive bidding, the district often used procurement processes that did not follow best practices we identified from the *State Contracting Manual*, a global project management organization, and other water agencies. Further, it sometimes circumvented its own policies for managing its contracts. We noted that the district's legal counsel did not always sign contracts when required to do so. When the district does not adequately manage its contracts, it increases the risk that it will pay for inadequate services, unnecessary services, or even services not rendered.

The District's Management of Its Contracts Did Not Follow Best Practices

Although the district's contracting processes should closely align with procurement and project management standards and best practices, they often have not. A global organization recognized for its development of standards for project management, the Project Management Institute publishes the *Project Management Body of Knowledge* (PMBOK), which provides guidelines for managing individual projects, including project procurements. According to PMBOK, an organization's management of project procurement includes four processes: planning, conducting, administering, and

closing procurements. However, we noted numerous instances where the district did not conduct its procurements according to the best practices that PMBOK describes for these processes.

For example, the district failed to include in many contracts' scopes of work information that would allow it to effectively administer the contracts. The district's procurement process calls for its project managers to develop a scope of work that clearly defines all expected tasks and deliverables for a proposed procurement; the scope of work should then form the basis for vendor solicitations and the contract. Similarly, PMBOK defines scope as the sum of the products, services, and results to be provided by a project. Although the district is not bound by the *State Contracting Manual*, the manual's requirements further illustrate best practices in this area. According to the *State Contracting Manual*, a scope of work includes measurable results, timelines or progress reports, and an evaluation component. Nonetheless, we found that the scopes of work for 19 of the 20 contracts we reviewed did not include all of these elements.⁶ In fact, 15 of the 20 contracts did not contain any of these elements. Altogether, the 19 contracts constituted nearly \$3.7 million the district awarded to vendors.

For 20 contracts we reviewed, 15 did not contain any of the recommended elements of a scope of work—measurable results, timelines or progress reports, and evaluation components.

When the district does not provide clear and concise language in its scopes of work, it increases the risk that it will not procure services of sufficient or relevant value. For example, in May 2011 the district entered into a \$36,000 contract with a consultant to provide public affairs and public policy outreach services. When the former general manager recommended to the board that it approve this contract, he stated that the district was looking to develop potential projects and agreements in the San Gabriel Valley area and that he believed this consultant provided the unique services for this endeavor. However, the scope of work in the contract the general manager executed did not contain any evaluation component; any timelines or required progress reports to inform the district of the consultant's progress; or any specific results to measure the consultant's performance, despite requiring a review after six months to determine whether to extend the contract term further. When we asked the district to provide us with any reviews or evaluations it performed that were related to this contract, it was unable to do so. After a subsequent amendment in June 2012, this contract ultimately cost the district \$66,000. However, because the scope of work lacked any mechanisms that would enable the district to monitor and review the adequacy of the services the consultant provided, the district cannot demonstrate to its stakeholders that the costs it incurred for this contract provided any value.

⁶ The remaining contract was a lease agreement for overflow parking. In our judgment, such an agreement does not need measurable results, timelines, progress reports, or evaluation components because there are no professional services being provided.

In addition to the inadequate scopes of work in its contracts, the district could not always produce documentation demonstrating that it had verified vendors' work products before approving their invoices for payment. As PMBOK indicates, project managers should monitor payments to vendors to ensure that they have met their contracts' payment terms and that their compensation is linked to their progress, as defined in the contract. PMBOK emphasizes that one of the principal concerns when making payments to vendors is ensuring a close relationship between the payments and the work accomplished. The *State Contracting Manual* also notes that keeping an auditable paper trail of contract administration is a best practice, stating that departments are responsible for maintaining records in sufficient detail to allow anyone who reviews the documentation to understand how each procurement was requested, conducted, awarded, and administered. However, when we reviewed 30 invoices from the contracts that we had selected, we found 13 instances in which the district paid its vendors without sufficient evidence that they had provided the contracted services. For example, we identified nine invoices totaling about \$125,000 that the district paid in advance for work the consultants in question had not yet performed. These consultants' contracts each indicated that the district would pay them after they rendered the services. When the district disregards legally agreed-upon payment processes and approves invoices for services yet to be completed, it risks paying for substandard or incomplete services.

When we asked the current general manager about the issues we identified with the district's contract administration, he stated that when the district split with West Basin Municipal Water District (West Basin) in 2006, West Basin kept most of its previously shared technical staff and projects. He further explained that Central Basin has historically tended to focus on public relations projects and contracts because the former general manager was a journalist by trade. He stated that, as a result, many employees have not had the necessary training to manage contracts and therefore do not know how to properly do so. The current general manager explained that the district is planning a comprehensive training on contract management, based on the Project Management Institute's curriculum. Nevertheless, when the district does not effectively administer its contracts, it increases the risk that it will pay for inadequate services or even services never rendered.

The District Circumvented Other Established Procedures Related to Contracting

The district did not always follow its procurement policies when executing contracts between fiscal years 2010–11 and 2014–15. According to its administrative code, the district requires that

both the general manager and the district's general counsel execute all procurements of professional services over \$5,000. Further, the district's administrative code requires the general manager to report all sole-source contracts and contracts entered into under the general manager's authority to the board's finance committee, composed of two board members, on a quarterly basis. Nevertheless, we identified instances where the district violated each of these provisions.

Specifically, three of the 20 contracts we reviewed did not include the general counsel's signature, even though it was required in each case. If the district's general counsel does not review contract language, the district risks engaging in contracts or contract terms that could lead to overpayments or lawsuits. For example, we found that one of the three contracts that lacked the general counsel's signature resulted in the district settling with the vendor who had filed a lawsuit. Specifically, according to an email from a former general manager, in one case a former interim chief operating officer and the then-board president entered into a verbal agreement with a law firm for \$20,000 for investigative and legal services. The subsequent written contract, executed in March 2013, did not include a contracted amount and was not executed by the general counsel. When the district refused to pay more than the verbally arranged amount, the firm took the district to court, and the district eventually settled with the firm for a payment of more than \$23,000.

In addition, former district general managers did not always report certain contracts to the district's finance committee. Specifically, former general managers did not correctly report seven of the 20 contracts we reviewed to the finance committee. For example, in August 2012 the then-general manager approved a contract with a consultant for services related to client relations and government affairs for an amount not to exceed \$24,960. Although the general manager entered into a sole-source contract for this procurement and executed it under his authority, he approved a report to the finance committee in October 2012 that stated the district had not entered any contracts under his authority or entered any sole-source contracts from July through September 2012.

When we asked the district's contracts and procurement analyst (contracts analyst) why some contracts were not accurately reported to the finance committee during our review period, she stated that prior to July 2014 the former general managers were in charge of finalizing and submitting these reports. Based on our review of the reports, it appears the general managers did not always ensure that they were accurate. The contracts analyst explained that the district created a new report template and process, which it implemented in July 2014. Based on our review, we believe that if appropriately

If the district's general counsel does not review contract language, the district risks engaging in contracts or contract terms that could lead to overpayments or lawsuits.

followed, this process, which now includes approval of the report by the finance director, should help ensure the accurate reporting of contracts to the finance committee in the future. Nevertheless, when district leaders enter into contracts without publicly reporting them, the district decreases transparency while increasing the opportunity for waste and fraud.

Allowable District Expenditures

- An expenditure must serve a public purpose that is within the scope of the district's jurisdiction and specific purpose.
- For an expenditure made to a private party, the district must receive consideration.

Sources: *Golden Gate Bridge and Highway District v. Dale W. Luehring* (1970) 4 Cal.App.3d 204, 84 and *Robert E. Winkelman v. City of Tiburon* (1973) 32 Cal. App. 3d 834, 108.

The District Spent Funds on Purposes Unrelated to Its Mission That Likely Constitute Gifts of Public Funds

The California Constitution prohibits governmental agencies such as the district from making gifts of public funds. Rather, the district must use its public funds to carry out those purposes the Municipal Water District Law of 1911 authorizes. The district may not spend public funds for purposes that do not return benefits to the district that are reasonably related to the laws under which the district was established.

Allowable district expenditures are defined in the text box. Expenditures that do not demonstrate a clear relationship to the district's purpose, which is to provide an adequate supply of water within its service area, constitute a gift of public funds.

Nevertheless, the district's board members have spent thousands of dollars of district funds on purposes unrelated to the district's underlying authority. The district's current administrative code allows each board member to spend up to \$3,000 annually for outreach-related purposes in their respective divisions. For example, the district may sponsor programs, conferences, and events on behalf of a particular board member's own choosing. However, our review of the district's records found that the purposes for which the board members directed the use of the funds did not always clearly support the district's authorized activities. For instance, on behalf of various board members, the district donated funds to golf tournaments, a legislative member's breakfast panel, religious organizations, local high school sports programs, local pageants, organizations that feed those in need, car shows, and other purposes unrelated to providing an adequate supply of water in the district. In addition to these board member-directed expenditures, the district also spent more than \$9,000 on holiday turkeys in fiscal year 2012–13 to provide to organizations in the community, a purpose that is also unrelated to the district's mission. As a result, these expenditures very likely constitute gifts of public funds.

After we began our audit, the district updated its administrative code to clarify that the board members should use the \$3,000 allocated to each of them annually for purposes that promote discussion and educational activities for regional water conservation, water public policy, and water-use efficiency issues. However, we fail to see the value of providing any district funds to board members to spend at their discretion, particularly because the board's role is the governance of the district, not its administration. Further underscoring our point, the district already has a public affairs department whose responsibility is to inform community stakeholders about the district's programs and the water issues that impact the region.

The district's current general manager agrees that the district should eliminate the board members' outreach funds because they are difficult to administer and subject to potential abuse. For example, a neighboring water district, West Basin, also allocated outreach funds to its board members until early 2015, when its ethics committee recommended—based on an independent audit—that the district eliminate these funds. West Basin's board approved the elimination of these funds after one of its board members accepted a plea bargain on charges of misuse of public funds in September 2014. Similar to West Basin, the district's current general manager suggested to the board in April 2015 that it should eliminate the outreach funds; however, rather than eliminating the funds, the board members agreed to reduce them from \$5,000—the amount each board member was authorized to receive during fiscal year 2014–15—to the current annual amount of \$3,000.

The district has also spent an unreasonable amount of money on board member installation ceremonies that provided little or no benefit to the district. The current general manager stated that, in his experience, the practice in most of the Southern California region is for water agencies to swear board members into office at regular board meetings. In contrast, we found that the district has spent significant, and we believe unreasonable, amounts on its board member installation ceremonies. For instance, in January 2013 the district spent more than \$6,500 on catering expenses and the equipment rental for an installation event for three board members. Further, the district's records show that in January 2011 it spent more than \$6,400 on catering expenses for an installation event for two board members. According to the district's director of administration and board services, the district has budgeted as much as \$10,000 per board member in the past when it has held these ceremonies off-site, requiring the rental of a hall. Further, she stated that the district does not expressly limit the amounts it can spend on these ceremonies. The current general manager believes that board member installation ceremony expenses should be minimal and that a budget of \$10,000 per board

The district has spent unreasonable amounts on its board member installation ceremonies. In January 2013 it spent more than \$6,500 on catering expenses and the equipment rental for an installation event for three board members.

member is unreasonable. The district's most recent installation ceremony—in December 2014 for two board members—cost less than \$1,300. However, until it places reasonable and specified limits on these costs, the district risks spending unreasonable amounts on these ceremonies, which can undermine public confidence in its stewardship of the public's funds.

Recommendations

To ensure it holds itself accountable to the public, the district should follow the law and operate in an open and transparent manner by, among other things, disclosing to the public the true nature and purpose of all of its expenditures. To ensure its board makes informed decisions on when it is proper to hold discussions and take votes in closed-session meetings, the district should require its board members to attend training—as soon as possible and biennially thereafter—specifically focused on the Brown Act and its closed-meeting requirements.

To make better use of the funds it spends on services, the district should amend its administrative code by June 2016 to limit its sole-source contracts to emergency circumstances and circumstances in which only one vendor can meet the district's needs. Further, before executing any sole-source contracts, the district should require written justification demonstrating the reasons for not competitively bidding the services. The justification should include the background of the purchase, a description of the vendor's uniqueness, an explanation of the consequences of not purchasing from the vendor, market research to substantiate a lack of competition, and an analysis of pricing and alternatives.

To ensure that it does not unnecessarily use amendments that limit competitive bidding for its contracts, the district should amend its administrative code by June 2016 to require that it rebid contracts if it significantly changes those contracts' scopes of work, specifically the nature of the services or work products.

To ensure its contract amendments reflect the authorization of the board, the district should revise its administrative code to require the general manager to submit a quarterly report to the district's board detailing all its contracts, contract amendments, and contract and amendment dollar amounts.

To ensure it receives the best value from its contracts, the district should do the following by June 2016:

- Adopt and implement a policy requiring that it include in all its contracts' scopes of work specific, well-defined deliverables, measurable results, timelines or progress reports, and evaluations of the contractors once they complete the work.
- Ensure project managers verify services were rendered before approving invoices for payment.
- Create processes for project managers to organize and retain contract files that include important documents such as vendor performance and deliverable verification and acceptance.

To ensure its employees are able to properly administer contracts, by September 2016 the district should follow through with its plan to require that staff responsible for project management attend training by a reputable trainer on contract management.

To minimize its risk when contracting with vendors, the district should adhere to its administrative code and execute all contracts only after approval by its general counsel. Further, the district should amend its administrative code to prohibit engaging in a verbal contract. Finally, the district should continue to report to its finance committee all sole-source contracts and contracts entered under the general manager's authority.

To ensure its expenditures do not constitute gifts of public funds, the district should do the following:

- Immediately eliminate its allocation of funds to individual board members for community outreach.
- Develop policies that specify limitations on the types of activities it will sponsor in the future to ensure that it funds only those organizations whose activities have a direct link to its authorized purposes. For example, it should eliminate its purchase of holiday turkeys.
- Revise its administrative code by June 2016 to include more specific guidance as to what constitutes a reasonable and necessary use of public funds. The guidance should establish restrictions on the amount spent for board member installation ceremonies. It should also include a process for the district to ensure that expenses are reasonable and necessary before it pays them.

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Chapter 3

THE CENTRAL BASIN MUNICIPAL WATER DISTRICT DID NOT ALWAYS FOLLOW ESTABLISHED HIRING POLICIES AND NEEDS TO ENSURE CERTAIN BENEFITS AND EXPENDITURES ARE APPROPRIATE

Chapter Summary

The Central Basin Municipal Water District (district) did not always follow its policies for hiring employees. For example, it did not use a competitive process to hire certain former staff members, which led it to employ individuals who did not possess the necessary qualifications for their positions. In one instance, the district paid more than \$22,000 for an employee to obtain a bachelor's degree when the high-level position for which he was hired required him to already have one. Further, the district's board of directors (board) improperly hired another employee for a position that it never formally created and that appears to have been unnecessary for district operations. In addition, the district did not always conduct annual performance evaluations as its administrative code requires.

Although the district's compensation for its staff and board generally appears reasonable, we found that some of the benefits it offers may be overly generous. Specifically, it provides board members with full health benefits, even though their work is essentially part-time. It also pays its board members a generous automobile allowance. Finally, we found multiple instances in which it paid for unreasonable travel and meal expenses for both its board members and staff.

The District Has Hired Some Unqualified Staff and Failed to Perform Regular Performance Evaluations

Although the district has established appropriate policies related to hiring employees, it did not always follow them. Specifically, it hired individuals who did not meet the minimum qualifications for their positions. It also created a new position without following its approved process, which includes board authorization. Further, in some instances, it incurred unnecessary expenses because of its failure to follow its hiring policies. For example, the district violated its policies when it prepaid more than \$22,000 for a new employee to complete his bachelor's degree when such a degree was a minimum qualification for the position; this individual subsequently was laid off by the district before completing his degree. Additionally, the district's administrative code requires it to provide employees with

performance evaluations every fiscal year and generally to base their raises on performance. However, we found the district did not always perform these required evaluations.

The District's Failure to Follow Its Policies Led It to Hire Some Unqualified Staff

The district failed to follow its policies for hiring employees in several instances during our audit period from July 2010 through June 2015. State law gives the board the authority to hire the general manager and gives the general manager full power and authority to employ and discharge all other employees, with certain exceptions. The district's administrative code states that the district must use a competitive process for hiring employees that is based on their qualifications and ability. It also outlines the use of an interviewing panel for senior manager positions. Further, the district maintains job descriptions that detail the minimum qualifications job applicants must possess before being hired. However, in our review of the hiring process for individuals in certain positions, we identified four instances in which the district did not follow its established policies when hiring staff, as shown in Table 7. The district's failure to follow its hiring policies resulted in legal disputes and caused it to incur unnecessary expenses in salary and benefits.

Table 7
The Central Basin Municipal Water District's Failure to Adhere to Its Hiring Process for Four Selected Positions

| POSITION | DATES OF EMPLOYMENT | FINAL APPOINTMENT MUST BE MADE BY THE GENERAL MANAGER, BUT THIS PROCESS WAS NOT FOLLOWED | CENTRAL BASIN MUNICIPAL WATER DISTRICT (DISTRICT) DID NOT FOLLOW A COMPETITIVE HIRING PROCESS | THE INDIVIDUAL WAS UNQUALIFIED | THE POSITION WAS NOT APPROVED BY THE BOARD AS REQUIRED |
|----------------------------------|------------------------------------|--|--|-----------------------------------|--|
| Interim chief operating officer | October 2012 through January 2013 | NA | ● | ● | |
| Business development manager | April 2011 through July 2013 | | | ● | |
| Assistant to the general manager | December 2012 through January 2013 | ● | ● | | ● |
| Public affairs manager | December 2012 through March 2013 | ● | ● | | |

Sources: California State Auditor's analysis of minutes from the district's board meetings, the district's administrative code, its human resources records, and interviews with the district's human resources director.

NA = Not applicable.

Although the district's current senior managers meet the qualifications required for their positions, the district hired certain individuals in the past who did not possess bachelor's degrees in the fields their positions required. For example, in 2010 the board created a business development manager position. Although the

position required a bachelor's degree, the resume of the individual the district hired for the position in April 2011 shows that he did not possess one. The individual's annual salary—nearly \$113,000 by the time of his layoff in July 2013—made him one of the highest paid senior managers at the district, despite his not meeting his position's minimum qualifications.

The district further violated its policies when it paid in advance for this individual's education. As a condition of the business development manager's employment, the district required him to pursue and complete a bachelor's degree. Nevertheless, the district hired and continued to employ him for more than a year without his having such a degree. He eventually requested that the district pay his registration, tuition, and fees to obtain the required degree. Although these costs totaled more than \$22,000, the district violated its administrative code by paying the amount in advance of the individual successfully completing any of the required coursework. Specifically, the district's administrative code allows it to reimburse individuals for only 90 percent of the cost of college courses and then only upon the individuals' completion of the courses with a passing grade. However, according to course records he provided to the district, this employee did not begin his coursework until after the district made the payment for his entire degree program, and he did not complete the program while he was employed by the district. According to the director of human resources, the former general manager authorized this payment at his own discretion.

In July 2013—a little more than two years after hiring the business development manager—the district eliminated the position and laid off the individual. The director of human resources explained that the district did not seek reimbursement from him because he did not leave the district voluntarily. Regardless, the district hired this individual in violation of its own policies and then inappropriately paid his tuition and fees.

The district also hired another individual for a high-level position who did not meet that position's minimum qualifications. Specifically, in September 2012 the board approved the October hiring of an interim chief operating officer who, according to his resume, did not hold a bachelor's degree in business management, business administration, engineering, or public administration as the position description required. Rather, his resume indicated that he attended college and studied Latin American studies and general education. Also, according to the director of human resources, the district did not follow a formal recruitment process for this individual and thus cannot demonstrate that it used a competitive process to hire him.

The district hired an individual for a senior management position who did not meet the position's minimum qualifications.

By not following the district's administrative code, the board risked hiring and paying an individual to fill a position for which the district had not budgeted sufficient funds.

Further, the board did not follow the appropriate hiring process when it approved the hiring of an assistant to the general manager in December 2012. This appointment violated the district's policies in a number of different ways. First, the district's administrative code provides the general manager with authority over appointing and terminating subordinate employees. Nonetheless, in December 2012 the board voted in closed session to approve the hiring of an individual for the position of assistant to the general manager, with an annual salary of about \$98,000. In addition, the administrative code requires the district to follow a competitive process when hiring district employees and states that the general manager must make the final appointment for senior manager positions based in part on the recommendations of an interviewing panel. However, according to the director of human resources, the board did not use any competitive process or perform any interviews when hiring for this position.

The board also violated district policy by hiring the assistant to the general manager without having previously approved the creation of the position. According to the district's administrative code, the general manager must propose a labor budget to the board for its approval each year. The director of administration and board services acknowledged that the assistant to the general manager position was not in the district's labor budget at the time the board approved the hiring of the individual for this position. By not following the district's administrative code, the board risks hiring and paying an individual to fill a position for which the district has not budgeted sufficient funds. Further, the current general manager believes that such a position is unnecessary for an office of the district's size.

The board's approval of hiring the assistant to the general manager was only one of two instances in which it did not follow the administrative code as it relates to hiring employees that occurred in the same month. Specifically, in the same closed session in December 2012, the board appointed a public affairs manager without following a competitive hiring process. The district terminated both this individual and the assistant to the general manager less than three months after their appointments.

Two of these hires resulted in legal disputes, while another caused it to incur unnecessary expenses in salary and benefits. Subsequent to their dismissal, the former interim chief operating officer and the former assistant to the general manager filed two lawsuits and one made a demand for additional claims against the district for wrongful termination and retaliation. The district signed settlement agreements with the former interim chief operating officer for \$80,000—which the district's insurance paid—leaving one remaining lawsuit still pending. Furthermore, the district paid the former assistant to the general manager more than \$6,000 in salary and benefits for less than one month of employment in an

unapproved position that was likely unnecessary. Finally, if the district had hired a business development manager with the requisite degree, it would not have incurred the more than \$22,000 in education expenses described previously.

To avoid similar situations in the future, the board approved changes to the district's administrative code in July 2015 that expressly prohibit board members from participating in any aspect of its employment and personnel matters except those pertaining to the general manager. The director of human resources confirmed that these changes were made to address the issues created by these past board decisions. At the same time, the board also approved changes to the administrative code to create a specific requirement for it to approve employee positions and classifications as part of its review of the general manager's proposed labor budget. Nevertheless, the board and the district must follow these and all other established policies if they are to avoid the risks associated with hiring individuals in a manner that is inconsistent with the district's administrative code.

In July 2015, the board approved changes to the district's administrative code that prohibit board members from participating in any aspect of its employment and personnel matters except those pertaining to the general manager.

The District Did Not Consistently Evaluate the Performance of Its Senior Managers

The district did not consistently review its senior managers' performance, and it issued raises to some of these employees without having completed the required evaluations. The district's administrative code specifies that district employees will receive performance evaluations each fiscal year in May. Further, the code notes that the evaluating manager will review each employee's compensation and will base decisions regarding raises on performance. However, the district did not provide some of its managers with the required performance evaluations. We reviewed the performance evaluations of six senior managers employed continuously by the district from fiscal year 2010–11 through fiscal year 2013–14 and expected to find a total of 24 performance evaluations for the four fiscal years. Instead, we found the district had completed only 14 evaluations and did not perform the other 10. Nonetheless, during this same time period, the district provided raises to most of these managers without the corresponding required evaluations. Although district policy allows for merit increases between evaluations, the policy states that such increases are rare.

According to the district's director of human resources, the district's former general managers were responsible for completing the necessary evaluations but failed to do so. She explained that the former general manager, who began his service in May 2013, believed he did not have a basis for evaluating senior managers in that year. She also stated that the former general manager in fiscal years 2010–11 and 2011–12 simply did not complete many of the

Although board members are not full-time employees, they receive many of the same benefits as full-time district staff, including fully paid medical, dental, and vision insurance for themselves and their dependents.

evaluations he was required to perform. Nevertheless, if it fails to provide regular performance evaluations, the district risks not identifying and correcting concerns with performance in a timely manner. Further, the district may provide raises to individuals whose performance does not merit a pay increase.

Although the District's Compensation for Its Board Members and District Managers Is Generally Reasonable, Some of the Benefits It Provides Board Members May Be Overly Generous

The district provides compensation and benefits to its board members and staff that are generally reasonable; however, benefits may be excessively generous in some cases. Board members receive payment for days on which they attend meetings or certain other events related to district business, such as conferences, a monthly automobile or transportation allowance for the use of their personal vehicles, and an allowance for their personal communication devices. Although they are not full-time employees, they also receive many of the same benefits as full-time staff at the district, including fully paid medical, dental, and vision insurance for themselves and their dependents. We noted that although some water agencies provide benefits to their board members, others do not; given that fact, the district could reconsider the necessity and reasonableness of some of the benefits it provides to its board members.

Although the District's Per Diem Compensation for Its Board Members Is Slightly Above the Average Provided by Other Water Districts, Its Senior Managers' Salaries Are Below Average

The district's payments to its board members are above average relative to those provided by comparable water agencies but do not appear unreasonable. State law allows water districts to compensate their board members by paying them for the days they attend board meetings and the days they render services by request of their respective boards of directors. The district's administrative code refers to these payments as per diems. The district's administrative code authorizes board members to claim a maximum of 10 per diems each calendar month, although any board member who also serves as a representative to the Metropolitan Water District of Southern California may claim an additional 10 per diems for meetings associated with that agency. According to a 2014 district compensation survey of 10 municipal water agencies, the district's per diem of approximately \$233 was the third highest of the 10 agencies. The district's survey noted that per diems ranged from \$150 at the San Diego County Water Authority to roughly \$241 at the Western Municipal Water District, with a median per diem of about \$206. Although the district's per diem is about 13 percent above the median, it does not appear unreasonable.

In total, the district may spend up to about \$200,000 annually on board members' per diems. According to the director of administration and board services, the district uses this amount when creating its annual budget. Table 8 shows the total per diem payments the district made to all of its board members in each of the last five fiscal years.

Table 8

**Summary of the Central Basin Municipal Water District's Per Diem Compensation to Its Board of Directors
Fiscal Years 2010–11 Through 2014–15**

| BOARD MEMBER | DIVISION REPRESENTED | 2010–11 | 2011–12 | 2012–13 | 2013–14 | 2014–15 | TOTAL FOR FIVE YEARS |
|-----------------|-------------------------|------------------|------------------|------------------|------------------|------------------|-------------------------|
| Edward Vasquez | Division I | \$26,348 | \$27,048 | \$13,524 | – | – | \$66,920 |
| James Roybal | Division I | – | – | 13,524 | \$27,048 | \$27,980 | 68,552 |
| Robert Apodaca | Division II | 22,851 | 24,716 | 27,514 | 30,079 | 27,747 | 132,907 |
| Arturo Chacon | Division III | 18,654 | 20,053 | 19,353 | 21,918 | 21,918 | 101,895 |
| Rudy Montalvo | Division IV | 24,949 | 26,115 | 9,560 | – | – | 60,624 |
| Leticia Vasquez | Division IV | – | – | 20,752 | 55,494* | 37,074 | 113,321 |
| Phillip Hawkins | Division V | 31,759 | 31,245 | 23,783 | 21,918 | 24,716 | 133,421 |
| Totals | | \$124,561 | \$129,177 | \$128,010 | \$156,457 | \$139,435 | \$677,640 |

Source: The Central Basin Municipal Water District's (district) financial records.

* In fiscal year 2013–14 Leticia Vasquez's per diem compensation was larger than that of any board member in any other fiscal year. During this fiscal year, she attended meetings as both a district board member and a member of the Metropolitan Water District of Southern California, and the total per diem compensation she received was within legally allowed limits.

While the district's per diems for board members appear reasonable, the salaries it pays its senior managers are lower than those certain other water agencies pay. State law allows the district to hire staff as needed to conduct the district's business. As we previously discussed, the general manager must submit salary classifications and a labor budget to the board for its approval each fiscal year. The general manager then sets the individual salaries of staff. We conducted a review of salary data from the California State Controller's Office (State Controller) and found that the district's current pay for senior managers overall is lower than that at certain other water agencies, which may in part reflect the fact that it has the smallest number of staff. For example, as shown in Table 9 on the following page, the maximum salary for the water resources manager at the district was just under \$125,000 based on data from 2013, which were the most recent available and complete data as of the end of September 2015. This amount is below the average maximum salary of roughly \$157,500 for the five agencies we reviewed. The district's director of human resources has also conducted past surveys indicating that the district's salary ranges for its senior managers were generally below average.

Table 9
Comparison of Yearly Manager Salaries at the Central Basin Municipal Water District and Four Other Water Agencies in the Region for Various Manager Positions
For the Years 2012 and 2013

| 2012 | | | | | | | | | | | | |
|--|---------------------|-----------------------------|-----------|------------------|-----------|----------------------------|-----------|---------------------------------|-----------|-------------------------|---------------------|--|
| | GENERAL MANAGER* | DIRECTOR OF HUMAN RESOURCES | | FINANCE DIRECTOR | | WATER RESOURCES MANAGER | | DIRECTOR OF EXTERNAL AFFAIRS | | NUMBER OF CUSTOMERS† | NUMBER OF STAFF‡ | |
| | SALARY | MINIMUM | MAXIMUM | MINIMUM | MAXIMUM | MINIMUM | MAXIMUM | MINIMUM | MAXIMUM | | | |
| Central Basin Municipal Water District | \$237,839 | \$79,140 | \$118,710 | NA† | NA† | \$83,316 | \$124,974 | \$79,140 | \$118,710 | 41\$ | 23 | |
| West Basin Municipal Water District | 239,187 | NA | NA | \$124,827 | \$166,957 | 124,827 | 166,957 | 124,827 | 166,957 | 11 | 43 | |
| Western Municipal Water District | 265,375 | 89,206 | 122,658 | 113,407 | 155,931 | 124,750 | 171,531 | NA | NA | 13 | 125 | |
| Municipal Water District of Orange County | 215,064 | NA | NA | 116,330 | 157,046 | 100,664 | 135,897 | 100,664 | 135,897 | 28 | 30 | |
| San Diego County Water Authority | 256,624 | 123,030 | 166,096 | 139,909 | 188,876 | 139,909 | 188,876 | 123,030 | 166,096 | 24 | 253 | |
| Average | \$242,818 | \$84,173 | \$120,684 | \$123,618 | \$167,203 | \$114,693 | \$157,647 | \$106,915 | \$146,915 | – | – | |

| 2013 | | | | | | | | | | | | |
|--|---------------------|--------------------------------|-----------|------------------|-----------|----------------------------|-----------|---------------------------------|-----------|-------------------------|---------------------|--|
| | GENERAL MANAGER* | DIRECTOR OF HUMAN RESOURCES | | FINANCE DIRECTOR | | WATER RESOURCES MANAGER | | DIRECTOR OF EXTERNAL AFFAIRS | | NUMBER OF CUSTOMERS‡ | NUMBER OF STAFF‡ | |
| | SALARY | MINIMUM | MAXIMUM | MINIMUM | MAXIMUM | MINIMUM | MAXIMUM | MINIMUM | MAXIMUM | | | |
| Central Basin Municipal Water District | \$185,000 | \$79,140 | \$118,710 | \$87,492 | \$131,238 | \$83,316 | \$124,974 | \$79,140 | \$118,710 | 41\$ | 23 | |
| West Basin Municipal Water District | 244,693 | 106,047 | 145,815 | 134,939 | 185,541 | 114,520 | 157,465 | 124,828 | 171,639 | 11 | 43 | |
| Western Municipal Water District | 269,881 | 90,990 | 125,111 | 127,245 | 174,961 | 127,245 | 174,961 | 127,245 | 174,961 | 13 | 125 | |
| Municipal Water District of Orange County | 225,000 | NA | NA | 127,556 | 172,201 | 102,678 | 138,615 | 102,678 | 138,615 | 28 | 30 | |
| San Diego County Water Authority | 291,019 | 123,030 | 166,096 | 142,008 | 191,709 | 142,008 | 191,709 | 133,625 | 179,716 | 24 | 253 | |
| Average | \$243,119 | \$112,692 | \$138,933 | \$123,848 | \$171,130 | \$113,953 | \$157,545 | \$113,503 | \$156,728 | – | – | |

Sources: Data from the California State Controller's Office, documentation provided by the Central Basin Municipal Water District, and information obtained from the water agencies' websites.

Note: 2012 and 2013 are the most recent years for which data for all five water agencies are available.

NA = Not applicable.

* The listed water agencies set their general managers' salaries by contract.

† Central Basin did not have a finance director in 2012 and contracted for its financial management services in that year.

‡ Data for the number of customers and staff are from the most recent information we were able to obtain. However, due to the structure of the agencies, we believe that these numbers have not changed significantly since 2013.

§ As indicated in the footnote on page 83, the district provided us with updated information in March 2016 that reflected it had 40 water retailers and one water wholesaler, for a total of 41 customers.

Additionally, based on information as of September 2015 from the websites of the four other agencies we reviewed, the current salary of the district's general manager—\$220,000 annually—is less than the general managers' salaries for the four other agencies we reviewed. The board hires the general manager and negotiates an employment contract with that individual. The fact that the current general manager's salary is less than that of the other agencies we reviewed is not surprising given that the district has the least number of full-time staff. For example, the Municipal Water District of Orange County reported on its website as of September 2015 that its general manager receives a salary of nearly \$238,000 but manages 30 full-time staff members as opposed to the district's 23 staff. The survey the district conducted indicates that its general manager's salary is 7 percent below that of the average of seven other water agencies.

Some of the Benefits the District Pays to Board Members May Be Overly Generous, but Its Staff Benefits Are Reasonable

The district spends tens of thousands of dollars annually providing benefits to board members that appear to be excessively generous, especially given that the board members' work is essentially part-time. State law allows district boards to approve benefits in addition to the per diem we previously described as long as the amounts of most benefits do not exceed those that their staff receive. The district's administrative code states that board members and their eligible dependents may receive medical, dental, and vision health care coverage and that the district will contribute to their insurance premiums in an amount it determines yearly. However, for most benefit categories, the district contributes the maximum possible—it pays all of the costs for board members' and their dependents' medical, dental, and vision coverage, as well as for their \$10,000 life insurance policies. As of 2015 the cost for a board member's medical, dental, and vision premiums with family coverage could be as much as approximately \$2,000 per month. In addition, the district contributes a maximum of between \$4,000 and \$12,000 each year to each board member's health expense reimbursement account, with the maximum determined by the board member's number of dependents. The board member can use this account to pay for any eligible out-of-pocket health care expenses not fully covered by the insurance policies. Overall, these benefits are equivalent to those the district provides to its full-time employees. The only exceptions are that the employees receive greater life insurance and disability insurance benefits.

Board member benefits are equivalent to those the district provides to its full-time employees, with the exceptions of life insurance and disability insurance benefits.

Although state law does not prohibit the district from providing full-time benefits to board members for part-time duties, we believe that it risks providing benefits that are overly generous.

The district's administrative code allows it to pay board members a \$600 monthly automobile or transportation allowance that is significantly more generous than what other water agencies offer.

In reviewing the most recent compensation data from the State Controller for 2013, we noted that the majority of water agencies' board members in California do not provide any health benefits to their board members. For example, according to the websites of the Santa Margarita Water District and South Coast Water District, they do not provide board members any health, life, or retirement benefits. Based on district accounting records, the district spent more than \$70,000 on medical, dental, vision, and life insurance benefits for board members in fiscal year 2014–15. According to the district's director of human resources, the board has reviewed its benefit compensation during its annual budget review but has not voted to make any significant changes.

In addition to benefits, the district's administrative code allows it to pay board members a \$600 monthly automobile or transportation allowance that is significantly more generous than what other water agencies offer. Currently all board members receive this monthly benefit as reimbursement for any vehicle expenses they incur while conducting district business.⁷ According to a survey another water district in Southern California conducted regarding the compensation and benefits selected water agencies provided to their board members in 2014, most water agencies reimburse board members for mileage only, and the two agencies that reported providing automobile allowances offered much lower amounts. Specifically, Upper San Gabriel Valley Municipal Water District reported an automobile allowance of \$335, and West Basin Municipal Water District reported an allowance of \$411. According to district records, it paid nearly \$36,000 to board members for the automobile or transportation allowance in fiscal year 2014–15. The director of human resources stated that the district has not formally considered a proposal to change the automobile allowance to a mileage-based system. Further, in the past the district provided its automobile allowance without requiring proof that board members possessed valid California driver's licenses and carried automobile insurance. However, the district updated its administrative code in July 2015 to ensure board members demonstrate they have a valid driver's license, automobile insurance, and an acceptable driving record.

Finally, the district pays board members compensation for the use of their personal communication devices. Until July 2015 the administrative code allowed board members to receive this benefit in an amount the board determined. In July 2015 the district revised its administrative code by fixing the amount at \$200 per month. In fiscal year 2014–15 district records indicate that it paid a total of \$12,000 to its board members for the yearly communications

⁷ According to the district's administrative code, board members who are unable to drive due to a qualifying disability may use the automobile or transportation allowance for alternative transportation expenses if they provide medical certification on an annual basis.

allowance, or an average of \$2,400 per board member. However, the director of human resources confirmed that during the past five years the district has not conducted an assessment to determine whether this amount was necessary or reasonable. Without conducting an analysis of the need for a communications allowance, the district cannot be certain whether the amount it pays is appropriate.

In contrast to the benefits the district provides to its board members, the benefits that it pays to its staff appear reasonable given their full-time status and salary levels. For example, full-time district employees receive the same medical, dental, vision, and health reimbursement account benefits as board members. However, staff also receive other benefits, including short- and long-term disability insurance coverage and life insurance policies for up to \$150,000, for which the district pays the premiums. Staff also participate in the State's pension program, under which retirees can receive a percentage of their final compensation as retirement benefits. Although the general manager receives a communication allowance and an automobile allowance, other staff—unless approved by the board—do not receive such allowances. However, the district reimburses them for mileage when on district business, and senior managers receive cellular phones for business use. Additionally, in the most recent district survey of employee salaries and benefits conducted in 2012, district salary ranges for 11 of 12 of the positions compared, excluding the general manager, were at or below the median of the ranges reported by eight nonunion agencies with fewer than 300 employees. Although the district's salaries for nearly all of its staff are reportedly lower than those at other water agencies, the director of human resources told us that the district's benefits have generally been effective in retaining staff, but have not been as effective for recruiting new staff following the statewide pension reforms in 2013. She explained that she plans to conduct a salary and benefits survey with the help of a consultant by the end of 2016.

The current general manager participates in district-sponsored benefit plans, including medical, dental, and vision, at the same level as other staff. However, the district has entered into contracts with past general managers that have provided for additional benefits beyond those the district provides to its staff. Because the board negotiates the general manager's compensation separately from the staff's compensation, it has the ability to make such offers. For example, in 2011 the board approved a new contract for the then-general manager that included the district contributing about \$158,000 over three years to his retirement account. According to district records, it paid \$99,000 into this account, the maximum allowed during 2011 and 2012, before the general manager retired in October 2012. The district's records indicate that it then paid him

The district has entered into contracts with past general managers that have provided for additional benefits beyond those the district provides to its staff.

the remaining \$59,000, plus roughly \$34,000, which, according to the director of human resources, was to offset his taxes on the remainder, as allowed for by the provisions of his contract. Further, in 2013 the board approved a contract with its then-general manager that included the offer of lifetime retiree health benefits to the general manager and his spouse if he remained with the district for five consecutive years. However, he remained with the district for only about 17 months and did not receive the lifetime retiree health benefits. We observed similar provisions in two other comparable districts' contracts with their respective general managers. Nevertheless, according to the director of human resources, instead of contributing to the former general manager's retirement, additional consideration could have been given to negotiating a higher salary.

The District Has Made Questionable and Inappropriate Expenditures for Travel and Meal Costs

We identified instances in which the district paid amounts for travel and meal expenses in excess of what we consider reasonable.

In our limited review of the district's expenditures, we identified instances in which the district paid amounts for travel and meal expenses in excess of what we consider reasonable. For example, we found instances in which the district paid travel expenses for board members and employees to attend conferences and seminars having no clear connection to its mission or purpose. In addition, when we reviewed six flight expenses, we found that three included higher-class airfares than the district's policies allow. Moreover, the district often paid for expenses that exceeded the meal reimbursement limits that the Internal Revenue Service (IRS) has established and, to the extent these meal expenses were incurred by board members, they violated state law. Further, the district paid for business meals that it could have avoided by holding meetings at its office. When the district pays for unreasonable travel and meal expenses, it wastes public funds.

Although the district's administrative code states that it will only allow payment for travel and other expenses that are reasonably necessary to represent its interests and objectives, we identified instances in which the district did not ensure its payments for travel were necessary or prudent. As shown in Table 10, we found that the district pays expenses for board members and staff to attend conferences and seminars unrelated to its responsibilities, let alone water policy. For instance, the district paid for board members to attend a legislative caucus related to another state's immigration law. It also paid for one of its general managers to attend a scholastic press association seminar. We believe that these expenses had no direct connection to furthering the district's mission and that the district's payment of these costs demonstrates that it did not use public funds in a reasonable manner.

Table 10
Examples of the Central Basin Municipal Water District's Inappropriate Travel Expenses
2010 Through 2015

| EXPENSE INCURRED FOR | YEAR | CENTRAL BASIN MUNICIPAL WATER DISTRICT'S (DISTRICT) POLICY | DESCRIPTION | INAPPROPRIATE COSTS |
|----------------------|------------|--|---|---------------------|
| Legislative Caucus | 2010 | Payment for travel and other expenses shall be allowed when reasonably necessary to represent the interests and objectives of the district. | The district paid for travel expenses for two board members to attend a legislative caucus in Arizona related to that state's proposed immigration law. We do not believe this trip was necessary for the district's interests. The district's current general manager also believes Arizona's immigration laws have nothing to do with district business. | \$784 |
| Journalism seminar | 2010, 2012 | | The district paid for travel expenses for the then-general manager to attend a scholastic press association seminar in San Luis Obispo. For the 2012 seminar, the director of administration and board services stated that the former general manager explained that he would use previous board agendas in his teaching materials for high school students. We do not believe this trip was related to district business. | 2,461 |
| Rental car | 2011 | Before July 2015, the district's administrative code did not require vehicles to be rented under the name of a board member or employee. Nevertheless, we believe it is reasonable to conclude that this was the expectation. | The district reimbursed rental car expenses to a board member despite the fact that the rental agreement indicated that a different individual rented the vehicle. The board member provided no proof, except for a signed note, that he actually incurred the expense. We believe the district should not have paid this claim. The director of administration and board services stated that, due to this incident, the district revised its administrative code in July 2015 to require vehicles are rented only under the name of a board member or an employee. | 239 |
| Airfare | 2012, 2014 | The district's administrative code requires air travel in coach or an equivalent class unless otherwise justified, such as when a traveler has a physical disability or for prolonged travel in excess of four hours. | Three of the six airfares we reviewed were above the coach or base-level economy fare for flights between the Los Angeles region and Sacramento. Using the same airline as the district for travel between the same airports in August 2015, we calculated the cost difference in flights when opting for base-level economy flights could save roughly \$150 per flight. The district's director of administration and board services acknowledged that for shorter flights a base-level economy class fare should be used. She also stated that moving forward, the district will document exceptions in writing and take them to the board for approval. | 450 (estimated) |
| Lodging | 2010–2015 | State law requires board members traveling on business for the district to use the group or government rate for lodging when available or, if not, to obtain board approval in a public meeting before the expense is incurred. The district's administrative code requires staff to use the government or group rate when possible. | In our limited review of 20 lodging expenses, we noted that the majority—14—lacked any documentation that the traveler had used one of the rates prescribed by state law or the district's administrative code. Seven of the claims lacked documentation that the board preapproved exceptions for board members and three lacked documentation that the general manager preapproved exceptions for staff. The director of administration and board services stated that, with respect to board members' and staff lodging, the district has used the government or group rate in the past, but did not preserve independent evidence of this, such as the conference brochure, other than hotel receipts, which do not always indicate that a government or group rate was used. Moving forward, she stated staff would include documentation that conference rates were used. | Unknown* |

Sources: Government Code Section 53232.2, the district's administrative code, and district financial records.

* Because the district could not demonstrate that it used government or group rates for these 14 lodging expenses, it was not possible to calculate the inappropriate cost incurred.

Our review of 20 lodging expenses found that the majority—14—lacked any documentation that the travelers had used one of the rates prescribed by state law or the district's administrative code.

In addition, the district's administrative code requires board members and staff to exercise sound judgment when traveling in order to incur reasonable costs to the district. However, as shown in Table 10 on the previous page, we identified occasions when district representatives did not take appropriate steps to ensure the reasonableness of the district's costs. For example, the code requires travelers to fly coach or an equivalent class unless otherwise justified, such as when a traveler has a physical disability or for prolonged travel in excess of four hours. However, three of the six airfare expenses we reviewed included higher-class airfares, which often include privileges such as priority boarding and premium beverages, for short flights between the Los Angeles region and Sacramento. Additionally, state law requires board members traveling on business for the district to use the group or government rate for lodging when available or, if not, to obtain board approval in a public meeting before the expense is incurred. The district's administrative code also requires the district's staff to use the government or group rate when possible. However, our review of 20 lodging expenses found that the majority—14—lacked any documentation that the travelers had used one of the rates prescribed by state law or the district's administrative code. Finally, in 2011 the district reimbursed a board member for the cost of a car he purportedly rented while attending a water conference in Las Vegas. However, according to the car rental agreement and receipt, another individual who was not a representative of the district rented the vehicle. Other than a signed note from the board member claiming that he rented the car, the expense claim lacked any documentation showing that the board member had actually paid for the rental car. As a result of these incidents, we are concerned that the district is paying travel expenses for its board members and staff without ensuring that those expenses are reasonable and necessary.

In addition, we found that the district often paid for inappropriate and questionable meal costs for board members, employees, and others. As shown in Table 11, we found that the district often paid for meals in excess of IRS limits and, to the extent these meal expenses were incurred by board members, they violated state law. In addition, the district paid for meals in the local area for meetings that participants could have held at its office, thus avoiding such costs. Finally, the district paid for meals to third parties which, based on state law and California Attorney General opinions, we believe were not permissible.

Table 11
Examples of the Central Basin Municipal Water District's Inappropriate Meal Expenses
Fiscal Years 2010–11 Through 2014–15

| ISSUE | NUMBER OF EXPENSES WITH ISSUE (OUT OF 95)* | DESCRIPTION | TOTAL INAPPROPRIATE COSTS |
|------------------------------------|---|--|---------------------------------|
| Meal expenses above IRS rates | 39 | <p>California law allows local governments, such as the Central Basin Municipal Water District (district), to set limits on actual and necessary meal costs incurred in the performance of official duties that are reimbursed to board members. If a local government does not set its own meal reimbursement limits, state law requires the local government to use limits established by the Internal Revenue Service (IRS) unless the meal expenses have been preapproved by the board at a public meeting. Our limited review found no documentation that any of the meals we examined were preapproved by the board. According to the director of administration and board services, the district was not aware of the state law requirement to impose limits on meal expenses. In addition, the district did not have limits on other meal expenses, such as those charged to a district credit card or incurred by staff, or those for meals provided to third parties, until July 2015.</p> <p>Example #1: In October 2011 a board member charged \$61 on the district credit card for a second dinner on the same day he had already incurred dinner-related expenses while attending a seminar.</p> <p>Example #2: In May 2012 a former general manager spent \$101 on breakfast for himself and three guests without identifying who the guests were or providing justification for the business purpose of the meal; the IRS breakfast rate at the time was \$10 per person.</p> | \$1,461 |
| Meals in the local area† | 20 | <p>The district's external auditor noted in its audit of the fiscal year ending June 30, 2011, that in recent years, many governments have greatly restricted the practice of charging local meals to government agencies, but the district placed no limitations on local meals. Although the district revised its administrative code in July 2015 to state that board members and employees should make every effort to hold meetings at the district's headquarters to limit unnecessary expenses, the administrative code is still permissive and, as a result, district staff and board members may continue to incur unnecessary expenses.</p> <p>Example #1: In April 2012 the district paid for a dinner meeting in Los Angeles between a board member and the district's then-business development manager at a total cost of nearly \$190, even though these two individuals could have easily held a meeting at the district's office.</p> <p>Example #2: In January 2015 the district paid almost \$70 for a lunch meeting in Los Angeles between two board members, even though the district's office could have been used.</p> | 1,113 |
| Meals provided to third parties | 24 | <p>State law permits reimbursement only for "actual and necessary" expenses incurred by board members or staff in the performance of their official duties. Based upon state law and California Attorney General opinions, we believe that actual and necessary expenses do not include meals purchased for third parties, such as constituents, public officials, or business owners, even if those meals are for a business purpose. Therefore, they are not permissible.</p> <p>Example #1: In December 2010 the district paid about \$565 for a dinner, or an average of about \$81 per person, for board members attending a conference. The dinner included costs for two spouses. The director of administration and board services stated the district's administrative code at that time allowed for these expenses because they were seen as a benefit to the district. We disagree with this assertion, and we note that the then-general manager stated at a board meeting in December 2010 that the administrative code did not allow for reimbursement of spouses' expenses. The director of administration and board services further elaborated that spouses' expenses are no longer paid for and the administrative code has been amended to reflect this change.</p> <p>Example #2: In July 2014 the district paid nearly \$220 for a dinner while attending a conference for the then-general manager, a board member, a Montebello school board member, and a Pico Rivera council member. In addition, the claim for the dinner expense lacks any description of the business purpose of the meal and how it furthered the interests of the district.</p> <p>Example #3: The district paid over \$100 for a dinner in February 2015 for a district board member and a board member from a neighboring water district. The claim lacks any description of the business purpose of the meal and how it furthered the interests of the district.</p> | 986 |

Sources: California Government Code, Section 53232.2, California Court decisions, California Attorney General opinions, the district's administrative code, and financial records.

* Some meal expenses are included under more than one issue. For instance, the district paid \$188, or \$94 per person, for a dinner meeting between a board member and a business development manager in the local area. We included \$116 in the *meal expenses above IRS rates* row, which reflects the amount the district paid above the IRS dinner rate for two people. We included the full \$188 in the *meals in the local area* row since this meeting was held in Los Angeles.

† The district defines the local area as Los Angeles County and Orange County.

Further, until recently, the district did not address a recommendation that it establish meal expense limits. Specifically, in 2011 the district's external auditor at the time recommended the district set limits on the costs of meals, whether incurred locally or while traveling. The district disagreed with this recommendation, stating that some district business required travel around the country, which made setting limits on meals difficult because of cost variances between cities, states, and regions. However, we disagree, particularly given that the federal government has established meal rate limits for its employees that vary by city and that California sets a fixed meal reimbursement limit for state employees regardless of where they travel within the United States. Moreover, we believe that by failing to implement the external auditor's recommendation, the district missed an opportunity to demonstrate to the public that it was spending its funds in a prudent manner. After we began our audit work and raised these concerns with district staff, the district finally adopted meal cost limits in July 2015 that are comparable to the IRS's established rates. The district's new limits apply to both board members and staff.

Finally, board members have consistently violated state law by failing to report back to the board on meetings or conferences they attend at the district's expense. Both state law and the district's administrative code require a board member who travels to a meeting or a conference at the district's expense to make a brief oral or written report to the other board members at the board's next regularly scheduled meeting. Our review of 12 conferences attended by board members between July 2010 and June 2015 at the district's expense found no evidence in half of these instances that board members provided the required reports at the subsequent board meetings. When board members do not provide these required reports, they deprive other board members and district officials of the opportunity to learn from their experiences, and they also fail to justify to the public the value of the expenses they incurred.

Recommendations

To ensure it considers the most qualified candidates for positions, the district should follow its established hiring policies. Specifically, it should use a competitive hiring process and ensure that its board first formally approves all positions for which the district recruits. Further, the district should consider for employment only individuals who meet the established minimum qualifications for the positions for which they have applied. If the district believes certain qualifications are not necessary for a position, it should indicate in the position description that such qualifications are desirable but not required.

To ensure that it does not inappropriately grant undeserved raises to its staff, the district should follow its policy to provide annual performance evaluations to all employees.

To ensure it is efficiently using its resources, the district should do the following:

- Eliminate its board members' automobile or transportation allowances and instead reimburse them based on their business mileage or transit use.
- Periodically analyze and, beginning in June 2016, report to the board whether all elements of its board member compensation, including health and related benefits, are appropriate and reflect the common practices of special districts.
- Adopt a policy that its general managers will participate in benefits at the same level as district staff and that the board will negotiate the general managers' contracts on the basis of salary and not other benefits, such as retirement.

To ensure that its travel expenses are reasonable and necessary, the district should take steps, such as issuing a clarifying memorandum or providing additional training, to ensure all board members and staff, especially those who process reimbursement claims, are aware of what the district considers to be proper expenses incurred while traveling, including only paying for the following:

- Air travel that is coach or an equivalent class.
- Meetings and conferences that have a direct connection to water policy or the district's mission. It should update its list of such preapproved meetings accordingly.
- Lodging expenses that reflect group or government rates, unless there is documentation that such rates are unavailable.

To ensure it reimburses only reasonable and necessary meal expenses, the district should take steps, such as issuing a clarifying memorandum or providing additional training, to ensure that all board members and staff, especially those who process reimbursement claims, are familiar with its meal reimbursement limits.

The district should revise its administrative code by June 2016 to prohibit paying for or reimbursing meals that occur within the local area that involve meetings either between only district representatives or between district representatives and the district's contractors.

The district should revise its administrative code by June 2016 to prohibit paying for the costs of meals provided to third parties.

To ensure it complies with state law and its own administrative code, the district should require board members to report back to the board on meetings and conferences they attend at the district's expense. The district should record these reports in meeting minutes or document them in expense files before it reimburses the board members for their travel expense claims.

We conducted this audit under the authority vested in the California State Auditor by Section 8543 et seq. of the California Government Code and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives specified in the Scope and Methodology section of the report. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

Date: December 3, 2015

Staff: Laura G. Kearney, Audit Principal
John Lewis, MPA
Joseph R. Meyer, CPA, CIA
Richard Marsh, MST
Marshall Miller, MPAC
Kurtis Nakamura, MPIA
Ray Sophie, MPA

Legal Counsel: Heather Kendrick, Sr. Staff Counsel
Richard B. Weisberg, Sr. Staff Counsel

For questions regarding the contents of this report, please contact Margarita Fernández, Chief of Public Affairs, at 916.445.0255.



Central Basin

Municipal Water District

October 29, 2015

6252 Telegraph Road
Commerce, CA 90040-2512

Phone: 323.201.5500
Fax: 323.201.5550
www.centralbasin.org

Elaine Howle, CPA*
State Auditor
State of California
621 Capitol Mall
Suite 1200
Sacramento, CA 95814

Re: Response to audit report received on October 23, 2015

Board of Directors

Division I
James B. Roybal

Division II
Robert Apodaca

Division III
Arturo Chacon

Division IV
Leticia Vasquez

Division V
Phillip D. Hawkins

For 63 years, the Central Basin Municipal Water District (District) has successfully secured water supply reliability for our residents, businesses, water retailers and wholesalers and other stakeholders. It has also provided regional water policy representation at the Metropolitan Water District of Southern California, supplied both potable and recycled water, engaged our citizens through education and public information programs, and provided innovative water conservation programs. The District serves more than 2 million residents in 24 cities and unincorporated portions in Southeast Los Angeles County through 47 water retailers and one water wholesaler.†

It is unfortunate that the actions of the District over the past several years generated genuine concerns of State Legislators which resulted in this audit. We recognize that the report reflects considerable effort and resource expenditures by the State. We believe that the audit, coupled with on-going efforts that the District has undertaken over the past few years, will result in improved governance and an even stronger, more responsive and transparent Central Basin.

Serving the Cities of

| | |
|------------------|------------------|
| Artesia | La Mirada |
| Bell | Lynwood |
| Bellflower | Maywood |
| Bell Gardens | Montebello |
| Carson | Monterey Park |
| Cerritos | Norwalk |
| Commerce | Paramount |
| Compton | Pico Rivera |
| Cudahy | Santa Fe Springs |
| Downey | Signal Hill |
| East Los Angeles | South Gate |
| Florence-Graham | Walnut Park |
| Hawaiian Gardens | Whittier |
| Huntington Park | Willowbrook |
| La Habra Heights | Vernon |
| Lakewood | |

We would like to thank the Office of the State Auditor for recognizing progress that the District has made. Specifically:

- Ensuring that current staff meet qualifications
- Currently meeting debt coverage
- Approval and initial implementation of a three-year strategic plan
- The most recent hiring process for General Manager which included: establishing an independent ad hoc committee, selection of a recruitment firm and interviewing of top candidates by Board of Directors
- Acknowledgement that many of the District's lawsuits have been resolved
- Adoption of a Reserves Policy
- Monthly meeting with water retailers and wholesalers to discuss Central Basin and regional water issues and receive feedback

* California State Auditor's comments begin on page 97.

† The district provided us with updated information in March 2016 that reflected it had 40 water retailers and one water wholesaler.

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①

- Strengthening Administrative Code, Board and Staff Code of Conduct and Conflict of Interest policies

In addition, we are pleased to report the following recent areas of progress:

- Revision of the District's Ethics Policy to include independent review of potential ethics violations and a confidential hotline (adopted October 26, 2015)
- Recognition of the District for excellence in the areas of transparency, financial reporting and information technology
 - Certificate for Excellence in Transparency (Special District Leadership Foundation)
 - Certificate of Achievement for Excellence in Financial Reporting (Government Finance Officers Association)
 - Excellence in Information Technology Practices Award (Municipal Information Systems Association of California)
- Initiating the process to develop 10-year financial forecast (long range financial plan). (Contract awarded October 26, 2015)

The District recognizes that the audit report provides valuable insight on how we can improve our governance and performance; therefore we are committed to presenting all of the audit report's recommendations to our Board of Directors, as listed below:

- Establish a formal policy for the hiring of the General Manager by June 2016
- Complete a long-term financial plan by December 2016 (in process)
- Complete a water rate study no later than Spring 2017
- Create a formal debt management policy immediately
- Review the District's insurance coverage annually
- Disclose to the public the nature and purpose of all expenditures (implemented)
- Require Brown Act and closed meeting training to the Board every two years
- Limit sole source contracts to emergency or circumstances in which only one vendor can meet the District's needs
- Require written justification for not competitively bidding services
- Rebid contracts if the scope of work significantly changes
- Submit a quarterly report to the Board detailing contracts, contract amendments and dollar amounts
- Revise policies to provide greater contract management control by June 2016
- Require project management training for project managers
- Execute contracts after receiving approval by General Counsel (implemented)
- Update policies to prohibit engaging in verbal contracts
- Report on all sole-source contracts and contracts entered under General Manager's authority
- Revise Administrative Code by 2016 to include more specific guidance as to what constitutes reasonable and necessary use of public funds
- Eliminate Director's outreach funds (immediately)
- Use competitive hiring process (implemented)

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- Ensure that the Board formally approves of all positions for which the District recruits (implemented)
- Consider for employment individuals who meet the established minimum qualifications (implemented)
- Provide annual performance evaluations to all employees (implemented)
- Report to the Board whether elements of its Board member compensation, including health and automobile allowance, is appropriate and reflect common practice of special districts by June 2016
- Adopt a policy that general manager benefits are same as staff and negotiations will be solely based on compensation.
- Adopt policy requiring Board members to report back on meetings and conferences they attend
- Provide a clarifying memo and training to ensure Board members and staff are aware of proper expenses when traveling and for meal reimbursement
- Revise Administrative Code to prohibit paying or reimbursing meals in the local area that involve meetings between any District representatives or District representatives and contractors by June 2016
- Revise its Administrative Code to prohibit providing costs of meals for third parties

We want to express our appreciation for the professional manner in which your staff interfaced with our staff throughout the audit process. They were unfailingly polite, conscientious and committed to excellence. In the attached addendum we look at each recommendation of the Audit report and make more specific comments on the District's approach moving forward.

We believe, however, that the recommendation that the Legislature consider enactment of special legislation may be premature and unnecessary, in light of your recommendations with suggested future time frames for completion by the District. The Central Basin Municipal Water District Board Directors are elected by the citizens of the service area. Denying 2 million citizens the right to direct representation on major water policy issues is contrary to the basic tenets of American government and should only be a last resort, if ever. Furthermore, for decades the existing statutes have provided the sole and exclusive authority and procedure for such a change of organization (Government Code Section 56100); for the Legislature to deviate from long established processes would be an unnecessary consumption of time and attention of the Legislature when faced with many issues of statewide significance.

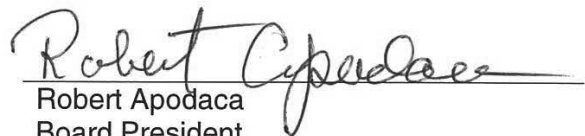
②

③

Sincerely,



Kevin P. Hunt, P.E.
General Manager
Central Basin Municipal Water District



Robert Apodaca
Board President
Central Basin Municipal Water District

Addendum

Chapter 1 Recommendations and District Response

④

Preliminarily, we understand that when an audit has been directed to cover multiple years, the resulting report is written in summary form and fails to reflect the operational improvements over time. For example, many of the individuals who were involved in questionable circumstances described in your report are no longer with Central Basin Municipal Water District (District).

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In another example, the report states that for 13 of 20 contracts reviewed, the District did not use its competitive bidding process; the statement fails to reflect those occurred during the earlier part of the audit period and leaves the reader with the impression that the process was ignored throughout the period, without recognizing the improvements in our compliance in the latter portion of the audit period.

As the new General Manager, I solicited a number of qualified law firms to serve as General Counsel and succeeded in obtaining the services of Nossaman LLP, which has the breadth and depth of experience in not only water law but also in public agency law; and together, with our staff, have undertaken the updating of the District's Administrative Code, Ethics Policies and procedures, and proposed training of staff and the Board of Directors.

Legislature

1. To ensure the efficient and effective delivery of imported and recycled water in southeastern Los Angeles County, the Legislature should pass special legislation to preserve the district as an independent entity but modify the District's governance structure. In doing so, the Legislature should consider a governance structure that ensures the district remains accountable to those it serves, for example, by changing the District's board from one elected by the public at large to one appointed by the District's customers.

The Central Basin Municipal Water District has existed for 63 years, providing potable water through retailers to over 2 million residents living in 24 cities in Los Angeles County. Those residents, who pay charges to the District to partially fund its operations, directly elect the five member board of directors as provided statewide for such municipal water districts. Statutes for over 50 years have addressed uniform processes for making changes to such an organization.

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The current law, known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, would already be an appropriate means to effect change, if any is warranted. Local Agency Formation Commissions, existing in each county, have long been delegated the authority and responsibility to address

such issues at the local level. In light of the actions which have been taken and are scheduled to be taken, the necessity of new legislation is not evident, would be duplicative and would invade the long delegated authority held by the Local Agency Formation Commission.

③

In addition, considering the demographics of the 2 million residents in the 24 cities in Los Angeles County, disenfranchising the residents in those communities from the decades long system of directly electing the board of their respective municipal water districts would raise a number of legal issues, including those of constitutional proportions. In addition, since the number of retailers who obtain water from the District approaches almost double in numbers the size of the staff of the District, any organization of a governing board from these retailers would almost be guaranteed to increase the size of their organization (and therefore its cost of operation) and be subject to a number of conflicts not encountered by the current system of having voters exercise their constitutional right to elect their local government officials.

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District

1. To ensure the stability of the district operations, the district should establish a formal policy for the hiring of the General Manager position by June 2016. The Board should initiate the hiring process for a new General Manager or begin the process of renegotiating the contract with the current General Manager in the fall of 2016.

The District recognizes that a formal policy for the hiring of a General Manager position should be implemented to further ensure stability by June 2016. Moreover, the District plans to formalize its recruitment process for the General Manager prior to fall 2016.

2. To better address potential ethical violations, the Board should adopt by June 2016 a means for investigating board members' and staff's potential violations of the district's code of conduct and conflict-of-interest code that would insulate those investigations from undue influence from either the board or the General Manager.

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The report accurately identifies that the District maintained an Ethics Committee. Due to concerns over the Committee's ability to operate with complete independence, the District felt it was necessary to restructure the Committee in such a way to provide complete independence from staff and/or its Board. The District has recently adopted a new independent structure and policies to provide the tools necessary for proper oversight and notification of potential improprieties and ethical violations. This includes a confidential hotline with an independent legal firm review to validate and/or investigate any reported ethical violations and provide a structure for response, allocations of resources, and determination of required actions if any are necessary.

3. To evaluate its progress toward its goals and objectives, the district should use its recently adopted strategic plan and issue an annual report that describes the steps it has taken toward achieving the goals and objectives in the strategic plan.

The District adopted a new strategic plan in July 2015 and completed its first quarterly report on October 26, 2015. The District is committed to providing the highest level of transparency in all its reporting including the strategic plan; furthermore, the reporting for the strategic plan will include quarterly and annual reporting as part of its process to highlight the progress that has been made.

4. To ensure its long-term financial sustainability, the board should complete a long-term financial plan no later than December 2016.

The District recognizes the necessity for long term financial planning and selected a firm on October 2015, to complete a 10-year financial plan and forecast.

5. To ensure its water rate structure is appropriate to provide the revenues necessary to cover its legitimate costs, the district should complete its planned water rate study no later than the spring 2017.

As part of its long term financial planning the District plans to engage in a rate study. This rate study will be used to help guide evaluation of all the District's rates and revenue sources. This has been identified in the District Strategic Plan and is scheduled to be complete before spring 2017.

6. To strengthen its financial stability against present and future uncertainties, the district should follow its recently adopted reserve policy.

The District intends to follow the reserves policy to ensure the financial stability and future success of the District.

7. To ensure that it continues to take steps to improve its financial condition and avoids additional costs due to downgrades of its debt credit ratings, the district should immediately create a formal debt management policy. This policy should clearly define its credit objectives and provide guidelines on suitable debt agreements. This policy should also require it to periodically monitor its specific financial ratios, such as its debt coverage ratio, that are relevant to its credit rating.

As part of the District's Strategic Plan, a debt management policy is scheduled to be completed by the end of 2015. At minimum, the policy will define the credit objectives while providing guidelines on suitable debt agreements. Additionally,

the policy will also address the monitoring of specific financial ratios such as debt coverage.

8. To maintain its current insurance coverage and better position it to negotiate for more cost-effective and appropriate coverage in the future, the board should immediately adopt a policy requiring a four-fifths majority to terminate the district's general manager. Further the board should review the district's insurance coverage annually and renegotiate costs and coverage amounts as necessary, particularly as the district resolves outstanding legal claims against it.

The District will discuss and deliberate the policy implementation of requiring a four-fifths majority vote to terminate the District's general manager.

The District is committed to obtaining the lowest cost insurance possible while meeting its obligations to its customers and the public at large. The District has and will continue to annually review its coverages to ensure viability, adequacy and lowest cost possible.

Chapter 2 Recommendations and District Response

The District takes pride in its continual effort to provide the highest level of open governance and transparency by providing the communities it serves with access to its financial reports, operations, and procedures. The following section will provide information on the additional steps the District has taken and will take to further foster an open governance.

1. To ensure it holds itself accountable to the public, the district should follow the law and operate in an open and transparent manner by, among other things, disclosing to the public the true nature and purpose of all of its expenditures.

In recognizing this recommendation, the District remains committed to operating in an open and transparent manner. This includes disclosing all expenditures through the demands list, budget versus actual reporting, debt coverage ratio reporting, budget versus actual sales, and revenue reporting. In addition, the District conducts a semi-annual review of its budget, monthly water sales productions, and annually publishes a Comprehensive Annual Financial Report. The District also hosts a monthly meeting with water retailers and wholesalers to discuss Central Basin and regional water issues including detailed budget processes and changes.

To further operate in an open and transparent manner, the District also provides online access (via its website) to Board Agendas, financial reporting and budget related documents. Additionally, the District's commitment to promote transparency and good governance has been recognized by the Special District

Leadership Foundation with the Transparency Certificate of Excellence that was awarded to the District in September 2015. Furthermore, for the 10th consecutive year, the District received the Certificate of Achievement for Excellence in Financial Reporting (for its Comprehensive Annual Financial Report) from the Government Finance Officers Association. Both of these awards are a testament to the District's commitment to operate in an open and transparent manner.

2. To ensure its board makes informed decisions on when it is proper to hold discussions and take votes in closed-session meetings, the district should require its board members to attend training – as soon as possible and biennially thereafter – specifically focused on the Brown Act and its closed meeting requirements.

The District agrees with this recommendation; in addition to the required ethics training (AB1234), the District will require Brown Act training for its Board members and staff every two years.

3. To make better use of the funds it spends on services, the district should amend its administrative code by June 2016 to limit its sole-source contracts to emergency circumstances and circumstances in which only one vendor can meet the district's needs. Further, before executing any sole source contracts, the district should require written justification demonstrating the reasons for not competitively bidding the services. The justification should include the background of the purchase; a description of the vendor's uniqueness; an explanation of the consequences of not purchasing from the vendor; market research to substantiate a lack of competition; and an analysis of pricing and alternatives.

To integrate more refined policies pertaining to sole source contracts, the District is currently revising its policy to strengthen sole sourcing language to specifically limit to emergency circumstances or occasions when the service is so critical or unique that only one vendor meets the District's needs. The District will implement these changes no later than June 2016.

4. To ensure that it does not unnecessarily use amendments that limit competitive bidding for its contracts, the district should amend its administrative code by June 2016 to require that it rebid contracts if it significantly changes those contracts' scope of work, specifically the nature of the services or work products.

The District concurs with this recommendation and is currently revising its policy to limit the use of contract amendments under the authority of the General Manager to time extensions only and will rebid any contracts that significantly change the scope of work or the nature of services or work product. The District will implement these changes prior to June 2016.

5. To ensure its contract amendments reflect the authorization of the board, the district should revise its administrative code to require the general manager to submit a

quarterly report to the district's board detailing all its contracts, contract amendments, and contract and amendment dollar amounts.

In recognition of this recommendation, the District will expand on its current practice of reporting on contracts entered into under the General Manager's authority. Future reports will include all contracts and amendments disclosing dollar amounts. The District will implement these changes prior to June 2016.

6. To ensure it receives the best value from its contracts, the district should do the following by June 2016:
 - Adopt and implement a policy requiring that it include in all its contracts' scopes of work specific, well-defined deliverables; measurable results; timelines and progress reports; and evaluations of the contractors once they complete the work.
 - Ensure project managers verify services were rendered before approving invoices for payment.
 - Create processes for project manager to organize and retain contract files that include important documents such as vendor performance and deliverable verification and acceptance.

The District agrees with this recommendation and is currently revising its procurement policy and contracting procedures to provide greater contract management controls as outlined in the Auditor's recommendations. The District is currently in the process of adopting these revisions immediately.

7. To ensure its employees are able to properly administer contracts, the district should, by September 2016, follow through with its plan to require its staff responsible for project management to attend training by a reputable trainer on contract management.

To further ensure that contracts are properly administered, the District agrees with this recommendation and will provide contract management training for all project managers. This process will commence in December 2015 and will be completed by June 2016.

8. To minimize its risk when contracting with vendors, the district should adhere to its administrative code and execute all contracts after approval by its general counsel. Further, the district should amend its administrative code to prohibit engaging in a verbal contract. Finally, the district should continue to report to its finance committee all sole-source contracts and contracts entered under the general manager's authority.

The District agrees with this recommendation. We are committed to the integrity of our contracting procedures. To limit potential risk, greater oversight is exercised through legal review of all contracts prior to execution. Procurement policy revisions will explicitly prohibit verbal contracts. As previously stated, the District will continue and plans to expand our practice of reporting to the Finance and Audit Committee all sole-sourced contracts and contracts entered under the General

Manager's authority. The District will implement these changes no later than June 2016.

9. To ensure its expenditures do not constitute a gift of public funds, the district should do the following:
 - Immediately eliminate its allocation of funds to individual Board Members for community outreach.
 - Develop policies to specify limitations on the types of activities it will sponsor in the future to ensure that it funds only those organizations whose activities have a direct link to its authorized purposes. For example, it should eliminate its purchase of holiday turkeys.
 - Revise the administrative code by June 2016 to include more specific guidance as to what constitutes a reasonable and necessary use of public funds. The guidance should establish restrictions on the amount spent for board member installation ceremonies. It should also include a process for the district to ensure that expenses are reasonable and necessary before it pays them.

The District agrees with these recommendation and plans to immediately eliminate its allocation of funds to individual Board Members for community outreach. The District will also refine its policies to specify limitations on sponsorship activities. Further, the District has eliminated the sponsorship for turkey donations.

Additionally, the District will revise its Administrative Code to limit and specify the types of expenditures and activities it sponsors; this will include restrictions in funding of Board Member installations. These items will be addressed in the District's Administrative Code prior to June 2016.

Chapter 3 Recommendations and District Response

The District continues to improve its operations through the establishment and enforcement of strong policies and procedures. The following will provide additional clarification and actions taken by the District in the past few years to improve its handling of hiring, compensation of its board and employees, and appropriateness of its expenditures.

1. To ensure it considers the most qualified candidates for the positions, the district should follow its established hiring policies. Specifically, it should use a competitive hiring process and ensure that its board first formally approves of all positions for which the district recruits. Further, the district should only consider for employment individuals who meet the established minimum qualifications for the positions for which they have applied. If the district believes certain qualifications are not necessary for the position, it should indicate in the position description that such qualifications are desirable but not required.

The District agrees with these recommendations. By way of background and as stated in the report, the District has policies and procedures for recruitment and hiring of staff. During the five-year audit period, a total of 24 job openings were filled with a competitive recruitment process. The recruitment of the four positions that were not in compliance with district policy, occurred in 2011 and 2012. Since 2013, the District has ensured that it follows a competitive recruitment process. Examples of the District's compliance includes the recruitment and hiring of the former general manager and finance director in 2013, and the recent recruitment and hiring of the general manager and finance director in 2015, in addition to all other lower level positions filled since 2013.

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Since 2013, the District has ensured that all candidates meet the minimum qualifications of their current positions. As noted in the report, current senior managers meet the qualifications required for their positions. In addition, the remaining non-senior manager staff also meet the minimum qualifications of their current positions.

As noted in the report, the District maintains job descriptions that detail the minimum qualifications of staff. The District will continue to maintain appropriate job descriptions to meet the operations needs of the District.

In July 2015, the Board approved recent policy that further enforces that the Board will abstain from participating in any aspect of employment and personnel matters with the exception of matters pertaining to the General Manager. The Board also approved recent policy that the Board will approve employee classifications and positions before a competitive process is commenced. Since 2013, the District has followed these policies as a matter of practice; however, additional enforcement will be provided by the development of a human resources procedures manual to ensure compliance with its recruitment and hiring policies.

2. To ensure that it does not inappropriately grant merit raises to its staff, the district should follow its policy to provide annual performance evaluations to all employees.

As noted in the report, the District has a policy and procedure for performance evaluations. Moving forward, the District will ensure that all performance evaluations for all staff are completed on an annual basis by the end of the fiscal year.

3. To ensure it is efficiently using its resources, the District should do the following:
 - Eliminate its board members' automobile allowances and instead reimburse them based on mileage or transit use.
 - Periodically analyze and beginning in June 2016, report to the board whether all elements of its board member compensation, including health and related benefits, are appropriate and reflect the common practices of special districts.

- Adopt a policy that its general managers will participate in benefits at the same level as District staff and that the board will negotiate the general managers' contracts on the basis of salary and not other benefits such as retirement.

The District recognizes the need for improved policies to efficiently use its resources with regards to automobile allowances and compensation for the board and employment contracts for general managers. With regard to board members per diem and benefits, the District's board policy states that board member benefits in no event shall exceed the benefit contributions of employees. The District will continue to follow state law and ensure that its benefits for directors and employees are comparable with other benefits provided by similar water districts. In early 2013, the board froze its per diem amount for four years. In addition, the district has maintained the same communication allowance of \$200 since before 2006. The District plans to provide an annual analysis during the budget review period of all of the benefits provided to board members to ensure that benefits are reasonable and comparable to other benefits provided by other water districts.

As it relates to board members' automobile allowance, the District plans to continue to build upon best practices, efficiencies, and cost savings measures already implemented. Specifically and as noted in the report, the District recently revised its policies to ensure board members demonstrate they have a valid driver's license, automobile insurance, and an acceptable driving record as a condition for receipt of the automobile allowance and for mileage reimbursement expenses. The automobile allowance will be reviewed by the board by June 30, 2016 as part of the annual analysis of benefits for board members. Further, the District will complete a report by June 2016 or sooner on all board member benefits, including health.

With regard to staff compensation and benefits, the District plans to conduct a total compensation survey that would include salary and benefits by the end of 2016. With regard to compensation and benefits for the general manager, the District will strengthen its policies and enforce language that general managers will have the same benefits as staff and will negotiate total compensation on the basis of salary only. As noted in the report, the employment contract with the current general manager offers the same benefits as other employees.

4. To ensure it complies with state law and its own administrative code, the district should require board members to report back to the board on meetings and conferences they attend at the district's expense. The district should record these reports in meeting minutes or document them in expense files before it reimburses the board members for their travel expense claims.

As it relates to requiring board members to report back to the board on meetings and conferences they attend at the District's expense; in previous years the District has left the reporting of external meetings and conferences to individual board members. The District acknowledges the need for reporting and, moving forward,

the District will provide stronger enforcement of this reporting requirement by establishing procedures including a board agenda listing of board of director's report of meetings and conferences.

5. To ensure that its travel expenses are reasonable and necessary, the district should take steps, such as issuing a clarifying memorandum or providing additional training, to ensure all board members and staff, especially those who process reimbursement claims, are aware of what it considers to be proper expenses incurred while traveling, including the following:
 - Air travel that is coach or an equivalent class.
 - Meetings and conferences that have a direct connection to water policy or the district's mission. It should update its list of such preapproved meetings accordingly.

The District agrees with these recommendations and adopted revisions, in July 2015, to Part 3 of the Administrative Code that addresses the concerns presented in the report. Prior to the recent change, in February of 2013, the District approved a resolution to revise the Administrative Code to allow for a maximum of \$5,000 budget per fiscal year for each Board Director to attend conferences or seminars. Moreover, the District will continue to implement recent changes to its policies and will further develop procedures to ensure compliance of these policies specifically addressing the authorization of rental vehicles, travel expenses, lodging, and meals.

With regard to rental vehicles, as stated in the report, the District adopted a policy in July 2015 requiring that vehicles be rented only to board members or employees for eligible reimbursement. In addition, language was added to the policy with specific requirements and guidelines of the authorization and use of rental vehicles for eligible reimbursement. With regard to forms of travel other than automobile travel, the District will strengthen its procedures to ensure that travel expenses are reasonable and necessary. The District will review its current procedures in processing claims by designated staff and will provide additional training to all employees on the criteria and steps to process reimbursements. These steps will include the substantiation that air travel is of coach or equivalent class, substantiation that meeting expenses and conferences have a direct connection to the District's mission, and substantiation that lodging expenses reflect a group or government rate. These recommendations will be completed by June 2016.

6. To ensure it only reimburses reasonable and necessary meal expense, the district should take steps such as issuing a clarifying memorandum or providing additional training, to ensure all board members and staff, especially those who process reimbursement claims, are familiar with its meal reimbursement limits.

The district should revise its administrative code by June 2016 to prohibit paying for reimbursing meals that occur within the local area that involve meetings either

between only district representatives or between district representatives and the district's contractors.

The district should revise its administrative code by June 2016 to prohibit providing the costs of meals to third parties.

For further refinement of its policies for meal expense reimbursements, as stated in the report, the District will revise the Administrative Code to prohibit paying or reimbursing meals in the local area that involve meetings between any District representatives or District representatives and contractors by June 2016. The District will also revise its Administrative Code to prohibit providing cost of meals for third parties.

Additionally, in relation to this report, the District recently adopted meal costs limits that are comparable to the IRS's established rates. Staff has received training on the new meal expense reimbursement limits and will receive additional training as the policies and procedures are strengthened to include the recommendations on meal reimbursement restrictions that are recommended in this report.

Comments

CALIFORNIA STATE AUDITOR'S COMMENTS ON THE RESPONSE FROM THE CENTRAL BASIN MUNICIPAL WATER DISTRICT

To provide clarity and perspective, we are commenting on the response to our audit report from the Central Basin Municipal Water District (district). The numbers below correspond to the numbers we placed in the margin of the district's response.

During the district's official review of our draft report in late October 2015, the board of directors (board) adopted a plan to implement a hotline for reporting potential ethics violations and to contract with a law firm to conduct an independent review of those alleged violations, which we describe on page 28. As a result of the board's action, we added text to our recommendation on page 42 to clarify that the district should implement changes to its ethics policy by June 2016.

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At the outset, it is helpful to point out that, unlike most municipal water districts in this state that directly provide water to residents, this district is a limited-purpose agency whose primary responsibility during most of the 63 years of its history is to wholesale water from the Metropolitan Water District of Southern California (Metropolitan) to be resold to water distributors who directly provide water to residents of their respective communities. Whatever governance structure is put in place, this function remains the primary responsibility of the district. Therefore, a change in governance would not deny "2 million citizens the right to direct representation on major water policy issues" because the district's role does not require broad policy making. Further, our recommendation to the Legislature on page 42 would not result in the loss of representation, or disenfranchisement, of the residents within the district's jurisdiction. The district's eligible voters currently have the power to elect the public officials of the public agencies that constitute the district's customer base. If the Legislature implemented our recommendation, these public agencies would then have the power to appoint the board. Thus, the district's residents would retain ultimate authority over the district's board through representative democracy. This would be analogous to the way in which the representatives of Metropolitan and the San Diego County Water Authority are appointed, as we describe on page 41. Moreover, any subsequent governing body would continue to operate in an open and transparent manner under the Ralph M. Brown Act and would allow for public participation in the decision-making process.

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- ③ As stated in our report on pages 39 through 41, because of the recent positive changes made by the district, we believe the options available under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Reorganization Act) are premature at this time. However, as stated on page 39, we remain skeptical of the board's ability to consistently ensure the district's stability and provide it with effective, ongoing leadership. Thus, the intent of our recommendation is for the Legislature to consider options, such as the one we propose, that are less extreme than those permitted under the Reorganization Act, but that create greater accountability between the district and its direct customers so that the district remains encouraged to continue the positive changes it recently made. We also note that while the Reorganization Act is locally administered, the Legislature may revise the statutes it enacted to authorize the district if it deems such revisions are necessary to meet changing conditions.
- ④ The district's statement that our report fails to reflect the district's operational improvements over time ignores the numerous instances in our report where we point out the district's improvement in certain areas. For instance, we note the district's recent progress related to addressing potential ethical violations on pages 27 and 28 and adopting a new strategic plan on page 29. Further, we acknowledge actions it has recently taken to address the issues we found related to the district paying for inappropriate and questionable meal expenses on page 80. In addition, the district's statement that many of the individuals who were involved in the questionable circumstances described in our report are no longer with the district overlooks the fact that the district's policies and controls were weak or lacking in many areas throughout our audit period, regardless of the individuals involved. For instance, the district still has no formal debt management policy, as we describe on page 35; its management of its contracts did not follow best practices and sometimes circumvented its own policies regarding contracts throughout our audit period, as we point out beginning on page 49; and several of the travel and meal expense issues we identified in Tables 10 and 11 on pages 77 and 79, respectively, occurred within the past two fiscal years.
- ⑤ Our contract selection included four contracts the district entered into in each of the five fiscal years in our audit period. The district is correct that 11 of the 13 contracts we identified as sole-source contracts on page 50 were executed prior to fiscal year 2013–14. However, we describe additional contracting issues that occurred throughout our audit period in Chapter 2 on pages 56 through 60. For example, on page 57 we describe that 19 of the 20 contracts we reviewed had scopes of work that did not include one or more of the following elements: measurable results, timelines or progress reports, or an evaluation component. Further, on pages 62 and 63

we recommend changes to the district's contracting policies and processes to ensure that it not only receives the best value from its contracts, but also strengthens its control environment and ensures it has adequate contracting practices.

We do not recommend a specific structure for or size of the board. In the recommendation to the Legislature on page 42, we offer the example of a board appointed by the district's customers to better reflect the fact that the district's customers are generally water retailers and not the residents of the district. We can envision multiple ways that can happen that may include, among other possibilities, a hybrid board of elected and appointed officials or a board of limited size elected by the retailers from a slate of individuals nominated by those retailers. Ultimately the decision of whether or how to change the governance structure resides with the Legislature.

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Consistent with the audit objectives, we reviewed the qualifications of the district's senior managers. In reviewing the qualifications of specific former managers, we identified additional concerns with the district's hiring process, including its failure to consistently follow established policies requiring it to use a competitive hiring process, and discuss those concerns on pages 66 through 69. Although we note on page 24 that the process the district used to hire the current general manager included interviews of top candidates, we did not review the competitiveness of the process the district used for its other current hires and therefore cannot conclude that it did or did not follow a competitive process for all individuals hired since 2013. Nevertheless, we stand by our recommendation on page 80 that the district follow its hiring policies by using a competitive hiring process.

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SENATE COMMITTEE ON APPROPRIATIONS

Senator Ricardo Lara, Chair
2015 - 2016 Regular Session

AB 1794 (Cristina Garcia) - Central Basin Municipal Water District

Version: June 9, 2016

Policy Vote: GOV. & F. 5 - 1

Urgency: Yes

Mandate: Yes

Hearing Date: August 1, 2016

Consultant: Mark McKenzie

This bill meets the criteria for referral to the Suspense File.

Bill Summary: AB 1794, an urgency measure, would revise the composition of the Central Basin Water District's (CBMWD's) board of directors, as specified, and establish a technical oversight committee (TOC), comprised of five water purveyors, that would review and approve certain CBMWD actions.

Fiscal Impact: Unknown local costs, some of which may be reimbursable by the state General Fund. Potentially reimbursable costs may be in the hundreds of thousands annually. Actual costs would depend upon a determination by the Commission on State Mandates (Commission) regarding what expenses incurred by CBMWD in implementing the bill are deemed to be subject to state reimbursement. See staff comments for a discussion of potentially reimbursable costs.

Background: Existing law, the Municipal Water District Law of 1911, governs the formation, internal organization, and elections for municipal water districts. That law requires the board of directors of a municipal water district to consist of five members elected by voters in each of five divisions of the district, and requires each board member to be a resident of the division that he or she represents. Existing law requires board members to receive compensation of up to \$100 per day, up to six days per month, for attendance at board meetings or other service rendered as a board member, plus expenses incurred in the performance of official duties. Municipal water districts have the authority to fix rates at which water is sold, as specified, to cover operating expenses, repairs and maintenance, improvements, and principal and interest on debt payments.

The CBMWD was established by voters in 1952 to help mitigate groundwater overpumping in southeast Los Angeles County. CBMWD purchases imported water from the Metropolitan Water District of Southern California for sale to retail water suppliers, including cities, other water districts, mutual water companies, investor-owned utilities, and private companies within the district's boundaries. Those water retailers in turn provide water to residents and businesses within their respective service areas. CBMWD serves a population of more than 2 million people living in 24 cities and some unincorporated areas within the district's approximately 227 square mile service area.

An audit report issued in December of 2015 by the Bureau of State Audits (BSA) identified numerous concerns with various aspects of CBMWD's operations, including deficiencies in the district's contracting practices, a pattern of expenditures that may

have constituted gifts of public funds, and inadequate leadership by the board of directors. Specifically, the audit report found that:

- CBMWD often inappropriately circumvented its competitive bidding processes when it awarded contracts to vendors during the period that was audited. The BSA noted that the district did not use competitive bidding for 13 of the 20 contracts reviewed by auditors, and did not adequately justify why it failed to competitively bid for 11 of those 13 sole source contracts.
- CBMWD spent thousands of dollars of district money on purposes unrelated to its underlying authority, some of which likely constitute gifts of public funds. For example, the audit report noted that CBMWD provided thousands of dollars in community outreach funds to each board member annually, which various board members had the district donate on their behalf to golf tournaments, a legislator's breakfast panel, religious organizations, high school sports programs, pageants, and car shows.
- Poor leadership by the board of directors has impeded CBMWD's ability to effectively meet its responsibilities. In support of this finding, the audit report cited the board's failure to provide stability in the district's general manager position, lack of essential policies necessary to safeguard the district's long-term financial viability, inability to maintain the district's insurance coverage, and failure to disclose the district's establishment of a legal trust fund and transfers of money into the trust fund.

All but one of the more than two dozen recommendations contained in the audit report are the CBMWD's responsibility to implement. However, one recommendation in the audit report is directed to the Legislature. Specifically, the audit report suggests a change in state law that would preserve the district as an independent entity but modify the district's governance structure to ensure that the district remains accountable to those it serves.

Proposed Law: AB 1794 would make changes regarding the composition of CBMWD's board of directors. Specifically, this bill would:

- Require the board of directors to be composed of eight directors until the November 8, 2018 election by adding three directors appointed by water purveyors to the existing five-member elected board, as specified.
- Require the board of directors to undergo a process to divide the district into four divisions (rather than the current five divisions) that equalizes the populations for purposes of future board member elections.
- Require the board of directors to be composed of seven directors after the November 8, 2018 election, composed of four elected directors and three directors appointed by water purveyors, as specified.
- Specify a process by which water purveyors appoint and select three directors to serve four-year terms on the CBMWD board. One director would be selected by large water purveyors from nominees selected by those purveyors, one would be selected by all cities that are water purveyors from nominees by those cities, and one would be selected by all CBMWD water purveyors from any nominee.
- Specify eligibility criteria and other requirements for appointed directors.
- Require that appointed directors are eligible for: (1) reimbursement for travel and conference expenses; (2) per diem compensation for up to 10 meetings per

month; and health insurance benefits, if they are not already provided by the director's employer. An appointed director may waive reimbursement and compensation, and may be required to reimburse his or her employer for compensation received.

AB 1794 also requires the CBMWD board of directors to establish a TOC composed of the representatives of five water purveyors selected before December 31, 2016, and every two years thereafter, as specified. One position must be selected by large water purveyors, one must be selected by cities that are water purveyors, one must be selected by small water purveyors, and two must be selected by all water purveyors. The bill specifies eligibility and other requirements for members of the TOC, and authorizes those members to request reimbursement for actual and necessary expenses incurred for TOC duties, up to \$500 per year. AB 1794 also requires the TOC to meet at least quarterly for the following purposes: (1) to review the district's budget and projects to provide nonbinding advice to the general manager and board of directors; (2) review and approve changes to the administrative code of ethics, director compensation, and benefits; and (2) review and approve proposed changes related to procurement.

Related Legislation: SB 953 (Lara), which is currently pending in the Assembly Appropriations Committee, would add two appointed members to the CBMWD's board of directors, prohibit the use of district funds for board members to conduct community outreach, and make specified changes to CBMWD's contracting practices.

Staff Comments: AB 1794 would impose new duties and costs on the CBMWD by revising the composition of the board of directors and expanding board membership, and requiring the board to establish a TOC, as specified.

Board of directors: This bill would expand the size of CBMWD's board of directors from five to eight members on a temporary basis, and to seven members on a permanent basis, as specified. The CBMWD indicates that it could incur the following annual expenses related to each new board member: \$27,960 in per diem compensation, \$24,000 in health benefits, and \$7,000 in conference and travel expenses. CBMWD also notes, however, that the bill provides for waivers or reductions of allowable reimbursements and benefits, which could substantially reduce those expenses. Staff notes that current law only requires board member compensation of up to \$100 per day for a maximum of six days per month (\$7,200 per year), plus reimbursement of expenses incurred in the performance of official duties; any other compensation is provided at the discretion of the board. The BSA audit report noted that some of the benefits provided to board members, such as full health benefits and a substantial automobile allowance, may be overly generous considering board members essentially work part time. The CBMWD also estimates that the additional board members may also drive indirect costs of \$50,000 per director for district staff and general counsel services. Since most of the board member compensation costs cited by the district are discretionary, except per diem and reimbursements, they are not likely to be subject to state reimbursement.

AB 1794 would temporarily add three appointed members to the existing board, but following the election on November 6, 2018, the elected membership of the board would be reduced from five to four directors. As a result, CBMWD would need to undergo a

redistricting process to divide the district into four equalized divisions, rather than the current five divisions. CBMWD estimates that one-time costs associated with this redistricting process, including public outreach as well as legal, demographic, and communications consultant contracts, would be approximately \$320,000. Actual costs subject to state reimbursement would be determined by the Commission, if the district files a successful reimbursement claim.

TOC: This bill would also require the CBMWD board of directors to establish a TOC composed of five appointed representatives of water purveyors, as specified. The TOC would have a number of administrative tasks, such as reviewing the district's budget and any district projects and advising the general manager and board of directors. The TOC would also review and approve any proposed changes to procurement procedures or any changes to the administrative code related to ethics, director compensation, and benefits. CBMWD estimates costs related to the TOC would be in the range of \$22,000 to \$54,000 annually, depending on the number of meetings each year (up to ten). Actual costs subject to state reimbursement would be determined by the Commission, if the district files a successful reimbursement claim.

Mandate reimbursement: Under the mandates process, local governments, including special districts, may file test claims with the Commission alleging that statutes, regulations, and executive orders impose new programs or increased levels of service upon local entities. The Commission primarily relies on Article XIII of the California Constitution and related case law to make determinations. Reimbursement is required under Article XIII B, section 6 only when the local agency is subject to constitutional tax and spend limitations, and reimbursement is not required when costs are for expenses that are recoverable from sources other than tax revenue (service charges, fees, or assessments).

The CBMWD is an enterprise special district with revenues derived from water rates. Existing law provides the district with the authority to set those rates to cover operating expenses, repairs and maintenance, improvements, and principal and interest on debt payments.

Two recent Commission decisions raise questions about whether any new costs imposed upon CBMWD by AB 1974 would be deemed eligible for reimbursement. The Commission's Statement of Decision on AB 1234, Chapter 700, Statutes of 2005, (Case # 07-TC-04) regarding new requirements for local agency officials to comply with certain ethics training requirements, denied reimbursement authority for special districts that are not funded by proceeds of taxes and are not subject to the tax and spend restrictions of articles XIII A and XIII B of the CA Constitution. According to special district reports filed with the State Controller's Office, the CBMWD does not receive any proceeds of taxes. In addition, the Commission denied reimbursement to urban retail water suppliers and agricultural water suppliers in its combined Statement of Decision on SBx7 7, Chapter 4, seventh extraordinary session of 2009-10 (Case # 10-TC-12), and Agricultural Water Measurement regulations promulgated by the Department of Water Resources (Case # 12-TC-01). These measures imposed new water conservation requirements on water suppliers and expanded their duties when adopting urban water management plans. The Commission found in this decision that enterprise districts funded exclusively through user fees, charges, or assessments are ineligible for

mandate reimbursement. As noted above, the CBMWD is also an enterprise district funded through service charges, fees, or assessments.

Staff notes, however, that decisions by the Commission are not precedential, and each test claim is decided on its individual merits. To the extent that CBMWD is deemed eligible to claim reimbursement, and successfully files a claim with the Commission, reimbursable costs could be in the hundreds of thousands annually. Actual costs would be dependent upon what the Commission determines are eligible mandated costs subject to reimbursement.

Recommended Amendments: The bill should be amended to make the following correction: On page 3, line 1, strike out “subdivision (b)” and insert: “subdivision (c)”

-- END --

The background of the entire page is a close-up, artistic photograph of water. It features several bubbles of different sizes, some of which are in sharp focus, creating a sense of depth and movement. The water's surface is covered in gentle ripples, and the overall color palette is a range of blues, from light sky blue to deep, rich navy blue.

CENTRAL BASIN MUNICIPAL WATER DISTRICT

Commerce, California

ADOPTED OPERATING BUDGET & CAPITAL IMPROVEMENT PROJECTS/ GRANT PROJECTS BUDGET

Fiscal Year 2016-2017

Cover Art Credit

The concept could not be more elemental. We asked a professional illustrator to render what she saw when thinking of water – but we only gave her two business days to complete the assignment.

Cover artist Nowa Morisaku-Yu is a 44 year-old professional illustrator. Born and raised in Monterey Park, Nowa volunteered as a graphic designer for the Monterey Park city government in the 1990s. She has designed cover art for budgets and accounting reports in the cities of Monterey Park, South Pasadena, Glendora and the post-scandal City of Bell.

Nowa relocated to Brentwood, Tennessee (a suburb of Nashville) with her husband and two children over a decade ago. This is Nowa's inaugural cover design for Central Basin.

Nowa offers comment on her finished product.

"With water being the main idea I thought about all the different forms of water. There are so many to choose from but I decided to go with the one of the smallest: a water droplet. At first I saw the droplet in a vast ocean, but somewhere between my vision and its creation using desktop tools, an in-between an image of pool water emerged. Maybe that's a by-product of time pressure. I don't know."

She continued.

"Tennessee is a four-season area and we are surrounded by rivers and runoff. The rainfall patterns that feed it all would shock the average Southern Californian. Yet when I was crafting my vision, I couldn't help but recall the wonderful times I had as a child in the San Gabriel Valley playing with friends in pools. I find the strong white undertones to be soothing, so I suggest your back cover be a complimenting white. Go Vols."

**Adopted Operating Budget
& Capital Improvement Projects / Grant Projects Budget
Fiscal Year 2016-2017**

Board of Directors

Division I – James B. Roybal, Vice President
Division II – Robert O. Apodaca, President
Division III – Arturo Chacon
Division IV – Leticia Vasquez
Division V – Phillip D. Hawkins

General Manager

Kevin P. Hunt, P.E.

General Counsel

Alfred E. Smith, Esquire

Senior Management

Margarita Aguilar, Director of Administration & Board Services
Josh Betta, Finance Director
Lonnie Curtis, Chief Engineer
Dina Hidalgo, Director of Human Resources
Tammy Hierlihy, Water Resources Manager
Jacqueline Koontz, Engineering & Operations Manager
Joseph Legaspi, Director of External Affairs
Albert Plimpton, Director of Technology

Incorporated as a California Special District Under the Municipal Water District Law of 1911

December 15, 1952

About Central Basin

Central Basin acts to secure water reliability for more than 1.6 million people within a 227 square-mile Los Angeles County service area. The District sells and delivers potable and non-potable water to wholesale and retail utilities. The service area includes 27 cities, 3 unincorporated County areas, 40 water retailers and 1 water wholesaler.



Central Basin
Municipal Water District

**Central Basin Municipal Water District
Fiscal Year 2016-17
Adopted Operating Budget and Adopted Capital Improvements/Grant Projects Budget**

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Central Basin
Municipal Water District



General Manager's Adopted Budget Message

6252 Telegraph Road
Commerce, CA 90040-2512

Phone: 323.201.5500
Fax: 323.201.5550
www.centralbasin.org

Board of Directors

Division I

James B. Roybal

Division II

Robert Apodaca

Division III

Arturo Chacon

Division IV

Leticia Vasquez

Division V

Phillip D. Hawkins

Serving the Cities of

| | |
|------------------|------------------|
| Artesia | La Mirada |
| Bell | Lynwood |
| Bellflower | Maywood |
| Bell Gardens | Montebello |
| Carson | Monterey Park |
| Cerritos | Norwalk |
| Commerce | Paramount |
| Compton | Pico Rivera |
| Cudahy | Santa Fe Springs |
| Downey | Signal Hill |
| East Los Angeles | South Gate |
| Florence-Graham | Walnut Park |
| Hawaiian Gardens | Whittier |
| Huntington Park | Willowbrook |
| La Habra Heights | Vernon |
| Lakewood | |

Honorable Board of Directors,

Some twenty-five centuries ago, the philosopher Plato gave expression to many important concepts. None perhaps more important for our purpose today than the idea that economics underpins society. So it is that the conservative direction we have taken in financial management underpins an evolving Central Basin organization.

Things have come into sharp focus since we've intensified the financial planning conversation. We began in earnest in February with our Midyear Review. We continued in May by adopting the Fiscal Year 2016-17 Operating and Capital Improvement Projects Budgets.

We say *continued* because the policy conversation is still taking place as of the date of this writing.

In June we examined the results of our professionally rendered Five-Year Financial Forecast. The Forecast demonstrated that if we are to re-finance a debt we are convinced we must re-finance, we must do so with upward adjustment in the fees we charge for water delivery, a downward adjustment in our costs of corporate operation, or some combination of the two.

Summary of the situation is again useful. We service debt on two borrowings. The first, our 2008 COPs, uses a slightly exotic variable-rate leveraging technique that is nonetheless remarkably stabilized by supportive instruments. We celebrated last month the two-year renewal of our letter of credit instrument with our partner, US Bank. This helps make the debt service requirements for the 2008 COP's consistent from year to year.

Far from consistent is our second borrowing, the 2010 COPs. It requires a debt-service cost increase – a balloon of payments for six consecutive years – of \$1.4 million beginning on July 1, 2018. That's a 57% jump only twelve months from now.

It's a best practice in government to begin with the expense side of the ledger in times of fiscal challenge. We started there over a year ago. We found that our institution needed to be fortified, that resources needed to be added in order to survive the difficult water availability terrain in front of us; at best, potable and replenishment sales trends will be static over the course of the next five years. Recycled water sales, on the other hand, offer a future we can partially control, and we responded by expanding our marketing and capital investment strategies.

The increased investment in this business function that we create in FY 2017 makes business sense: the majority of what we own is recycled water pipeline. This is a core business in need of care and feeding, now more than in 1991 when the District first established the service.

On to unavoidable truth.

It is an unavoidable truth that the District last acted to increase rates and charges in 2012. This is a muscle in our financial planning muscle group that atrophied from lack of use. The same is not true of MWD, our water district peers, and our purveyor community. They routinely apply incremental fee adjustment to keep pace with the cost of operations.

The Five-Year Forecast showed us we are playing revenue catch up from far behind.

In June we amended contract with Raftelis Financial Advisors, transitioning work completed on the Forecast into a water rate study. Over the next 75 or so days, the results of the water rate study will be examined in five public meetings. In August we will offer recommendation for rate adjustment to the Board of Directors. We will also, at the same time, recommend the Board approve authorizing documents for the refinancing of an almost \$9 million portion of the 2010 COPs. The refinancing will be completed in October.

With revenue adjustment in hand, we will have established a sustainable a debt coverage ratio of at least 115% for the five-year period FY 2017 through FY 2021; this is the minimum requirement to bring the refinancing to the marketplace.

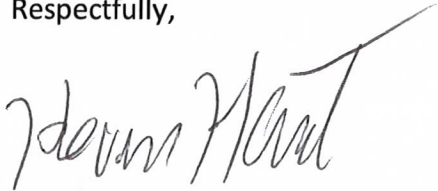
The Adopted FY 2017 Operating Budget was adopted by the Board of Directors after the Proposed Budget was altered by revenue increase owing to greater replenishment water sales and targeted decreases in operating costs. The increase in Net Revenue was \$423,229. Our FY 2017 debt coverage ratio is 101% as a result, an amount not adequate as a starting point for the refinancing.

Our CIP / Grants plan was modified by \$650,000 postponement of the Rio Hondo Pump Station Improvements project until after the development of an asset management plan.

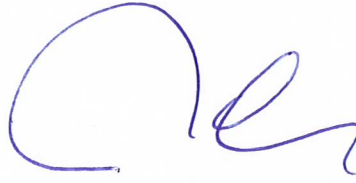
A spreadsheet detailing all changes is attached to the Adopted Budget Message.

The General Manager's Adopted Budget Message supplements the parent document, the General Manager's Budget Message. It is recommended that the reader consider the contents of each in tandem.

Respectfully,

A handwritten signature in black ink, appearing to read "Kevin P. Hunt". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Kevin P. Hunt P.E.
General Manager

A handwritten signature in blue ink, appearing to read "Josh Betta". The signature is stylized, with a large loop at the beginning and a smaller loop at the end.

Josh Betta
Finance Director

July 5, 2016

| Changes to Proposed FY 2017 Operating and CIP Budgets | | |
|--|----|-----------|
| Revenue | | |
| Increase in Replenishment Sales 19,000 AF to 31,000 AF | \$ | 798,000 |
| Increase in Readiness-To-Serve Charges (MWD Pass Through) | | 246,247 |
| Loss of 550 AF: Recycling Sales | | (294,250) |
| Loss of 550 AF: LRP Rebate | | (137,500) |
| | | |
| Revenue Increase / (Decrease) | \$ | 612,497 |
| Expenses | | |
| Loss of 550 AF: Recycled Water Purchases | \$ | (34,000) |
| Increase in Readiness-To-Serve Charges (MWD Pass Through) | | 246,247 |
| LRP Rebate Pass-Through "True Up" Against Prior Year | | (22,000) |
| LRP Administrative Fees Received from WRD | | 1,800 |
| Defer Pump Replacement CIP to Future Year | | (650,000) |
| Asset Management Contract Phase I | | 50,000 |
| Administrative Services: Communication Allowance | | 1,200 |
| Engineering & Operations: Education/Training for New Employee | | 9,900 |
| Water Resources: Defer Water Supply Reliability Study | | (40,000) |
| External Affairs: BizFed Membership, Education Programming | | 30,150 |
| External Affairs: Website Contract Phase II | | (28,000) |
| Human Resources: OPEB Gap Payment to Achieve 100% ARC | | 44,340 |
| Workers Comp Insurance Quote Reduction | | (1,369) |
| Employment Practices Insurance Quote Reduction | | (69,000) |
| | | |
| Expense Increase / (Decrease) | \$ | (460,732) |
| | | |
| Change in Net Position: Revised Proposed Budget | \$ | 1,073,229 |
| | | |
| Change in Net Revenue: Debt Coverage Ratio Calculation (Pump Replacement CIP Excluded) | \$ | 423,229 |
| | | |
| Debt Coverage Ratio: Proposed Operating Budget | | |
| | | 90% |
| Debt Coverage Ratio: Adopted Operating Budget | | |
| | | 101% |
| | | |
| Additional Net Revenue Required to Achieve 115% Debt Coverage Ratio | \$ | 505,000 |



Central Basin
Municipal Water District

General Manager's Budget Message

6252 Telegraph Road
Commerce, CA 90040-2512

Phone: 323.201.5500
Fax: 323.201.5550
www.centralbasin.org

Honorable Board of Directors,

On behalf of our employees and the Senior Management team, I am pleased to present Central Basin Municipal Water District's Proposed Fiscal Year 2016-2017 Operating and Capital Improvement Program Budgets.

Board of Directors

Division I

James B. Roybal

Division II

Robert Apodaca

Division III

Arturo Chacon

Division IV

Leticia Vasquez

Division V

Phillip D. Hawkins

Fiscal Year 2017 will mark the third year of targeted organizational effort to build on success. We have confronted the problems, and the difficult, transitional period spanning Fiscal Years 2012 and 2014 is behind us. The District now operates strategically and from a foundation of professional stability. We have strengthened partnerships with our purveyor community. Our bottom line is solid. All this and more have elicited praise from those that scrutinize our governance and financial performance: our purveyors, various credit rating agencies, a creditor bank, and regional media. And an audit of our organization by the State of California recognized significant areas of progress.

This budget reflects the programs, projects and activities that will continue to advance the District into a sustained leadership role as a California special government district and wholesale water provider.

Serving the Cities of

| | |
|------------------|------------------|
| Artesia | La Mirada |
| Bell | Lynwood |
| Bellflower | Maywood |
| Bell Gardens | Montebello |
| Carson | Monterey Park |
| Cerritos | Norwalk |
| Commerce | Paramount |
| Compton | Pico Rivera |
| Cudahy | Santa Fe Springs |
| Downey | Signal Hill |
| East Los Angeles | South Gate |
| Florence-Graham | Walnut Park |
| Hawaiian Gardens | Whittier |
| Huntington Park | Willowbrook |
| La Habra Heights | Vernon |
| Lakewood | |

Philosophical Factors Influencing Budget Preparation

Fiscal Year 2017 will see the coming together of several related strategies designed to strengthen Central Basin's financial future. We have now built a durable foundation upon a revitalized policy environment and full staffing levels in every area of District functioning. From this place, we have already satisfied every fiscal recommendation made by the California State Auditor. But this isn't enough. We are completing the District's first long-range financial forecast. We are well into the process of re-financing a threatening debt obligation. Through good-faith and proven performance, we have secured the recommendation from US Bank, the provider of our Letter of Credit, to continue this critical financial relationship for another two years. And our debt coverage ratios demonstrate growth and resiliency.

Projected sales of potable, replenishment and recycled water in FY 2017 suggest water demand adequate to allow us to build on this foundation. The Proposed Operating Budget seeks to shape the District's longer-range future by adding and

shifting resources to the technical backbone of our corporate functioning: Water Resources and Engineering. We have accomplished this responsibly by reducing or holding the line on spending in all other District departments, with three exceptions. First, within the Board Services Budget, we are obligated to fund the November 2016 Board of Directors election in the amount of \$655,000. Second, within the Human Resources Budget, we are obligated to budget for the increasing costs of employment practices insurance for our elected Directors in the amount of \$198,000. Third, within our Building Services Budget, the costs for utilities, licensing and insurance must be met.

Shape shifting is also evident in what we are putting on the table in our Proposed Capital Improvement Projects and Grants Projects Budget. Expanding and building upon our recycled water infrastructure is almost a non-negotiable at this point. Additional recycled water sales are a necessity for the long-term water reliability of the service area and the financial health of the organization within the larger context of fluctuating patterns of water use and consumption. We must invest now in order to see the financial benefit; it takes money to make money.

We have, throughout all the processes of budget assembly, closely evaluated our planning against our debt coverage ratios as we seek to build upon our improving reputation in the credit community.

Operational Factors Influencing Budget Preparation

- *Trends in Potable Water Sales* -- The California drought, now entering its fifth year, is the subject of nationwide attention and an evolving point of evaluation by credit rating agencies. In their most recent reviews of the District, Standard & Poor's and Moody's expressed similar concerns about the District's future revenue uncertainty and potential impacts to debt service coverage ratios (brought about by conservation-induced decline in water sales) as a consequence. Although our FY 2016 potable sales evidence a 12% decline this year, we interpret the decline to be transitional. And now, with the recent increase in water flow from the State Water Project to 45%, our FY 2017 sales projections assume a "bounce back" to sales levels manifested in prior years. A bounce back is common to post-drought water use patterns.
- *The California State Auditor's Report* -- After many months of investigatory field work in our offices, the California State Auditor published its review of Central Basin in December 2015 (Report 2015-102). The Auditor's report concerned itself with the 5-year period of District activities commencing with Fiscal Year 2011 and extending through Fiscal Year 2015. The report cast harsh light on leadership and institutional failures in the District, especially during Fiscal Years 2012, 2013, and 2014, and is punctuated by 32 recommendations requiring District action. At this writing, some 120 days later, the majority of the Auditor's recommendations have been acted upon by the Board of Directors. The FY 2017 work plan emphasizes completion of the remaining recommendations and the continued institutional adherence to recommendations already in place. We are extremely proud of what we've done to meet new requirements and best practices, but we also recognize that we must sustain our performance into our medium- and long-term future.

- No Increases in Water Rates or Surcharges -- Apart from pass-through increases in water rates based on commodity charges established by the Metropolitan Water District (MWD), the District's FY 2017 Budget does not assume surcharge or other revenue increase. The \$90 per acre-foot surcharges charges applied by the District to potable sales, and the \$70 per acre-foot surcharge applied to replenishment (spreading) sales remain the same as in prior years. This said, however, we are making plans to confront this policy discussion in FY 2017. With the rollout of our 5-year financial forecast in the coming weeks, we can reasonably expect to discover that continuation of a static rate structure will not adequately provide for a sustainable financial future. Nor will status quo meet our contractual obligations stipulated in our debt covenants. The banks and rating agencies already know this; we might be playing catch up. For these reasons, the FY 2017 Budget includes funding for a third-party rate and revenue study. The study, if approved by the Board, should be completed and before the Board of Directors for action during the spring of 2017. Our recycled water contracts, on the other hand, may offer the potential for increase right now. This matter is currently under analysis.
- Recycled Water Sales -- The expansion of recycled water sales is perhaps our primary operational focus. We own a recycled water system with significantly more capacity than sales. Our contract for purchase with Los Angeles County Sanitation District is for purchases up to 10,500 AF per year; our sales have ranged from 5,000 to 6,000 AF per year. To close the gap, our Capital Improvement Program Budget this year takes aim at projects offering the most immediate sales and revenue impact. And our customer development strategy, targeted at the near-term addition of approximately 250 new customers, will be led by the recently-approved addition of a Recycled Water Development Specialist.
- Credit Ratings & Debt Coverage Ratios -- The District's challenges with internal governance during the Fiscal Year 2012 through Fiscal Year 2014 period created an understandable apprehension among external credit rating agencies. If that wasn't enough, statewide water allocations in response to the California drought put the squeeze on net revenue for all water providers. In the face of these headwinds, the District's debt coverage ratios have evidenced a trend of improvement in recent years; the organizational changes and improvements we've made contribute in part. We now embrace the reality that our financial performance is closely monitored by external rating agencies, and plan our financial activities with concern for debt coverage impacts. Please see the "Debt Coverage Ratios" and "Debt Refinancing and Letter of Credit" sections of the Budget Message below for in-depth discussion.
- Trends in Replenishment Water Sales -- For many years, the sale of replenishment (spreading) water to the Water Replenishment District (WRD) was been a hit or miss proposition. We did not sell replenishment water in FY 2014. Then, in FY 2015, sales of 18,515 were recorded. The change between FY 2014 and FY 2015, in terms of our bottom line, was \$1.296 million. Such rise and fall in revenue between years gives obvious challenge to financial planning. In FY 2015 we contracted with WRD for their purchase of 120,000 acre feet (AF) over the next ten-year period. We celebrate the predictability this contract provides us.

Overview of the District

The Central Basin Municipal Water District was formed in 1952 under the Municipal Water District Act of 1911 for the purpose of mitigating the over-pumping of underground water resources in southeast Los Angeles County. District founders acted to curtail the use of relatively inexpensive yet diminishing local groundwater by providing the region with imported water. In 1954, Central Basin became member agency of the Metropolitan Water District of Southern California (MWD), an agency that was formed to bring imported water to the greater Los Angeles region. The District operates under the authority of the California Water Code and engages in enterprise operations accounted for as “proprietary.” The District’s 227 square-mile service area is governed by five publicly elected directors. Voters in each of the five divisions of the service area elect one director to serve a four-year term.

The primary activities of the District involve the sale and delivery of potable and non-potable water to wholesale and governmental accounts. In this manner, the District acts to secure water reliability for more than 1.6 million people in Los Angeles County, spanning a range of 27 cities, 3 unincorporated areas, 40 water retailers and one water wholesaler.

Last year approximately 227,000 acre-feet of water was used in the Central Basin service area. Much of this total is groundwater or water imported from Northern California and from the Colorado River through MWD. Central Basin does not rely on these water supplies alone. The District continues to promote water recycling and conservation through education programs and through the distribution of rebate incentives and retrofit hardware. The District has also continued to partner on projects relating to the water planning and groundwater management efforts of the region. Especially as drought conditions have worsened, these initiatives remain critical to maintaining a safe and reliable water supply for Southern California.

Legal Requirements and the Budget Process

Central Basin is not required by its Administrative Code to adopt a budget. However, the District long ago implemented an annual budget according to Generally Accepted Accounting Principles (GAAP) as a management tool and to demonstrate accountability appropriate to public sector functioning. Central Basin’s budget is developed by the General Manager according to the priorities and goals established by the Board of Directors through its Strategic Plan. The General Manager communicates the goals and priorities with his senior staff to make certain that the budget includes the funding elements necessary to achieve the Strategic Plan.

The budget cycle begins with the development of the proposed budget, budget workshops and adoption of rates and charges and concludes with the adoption of the final budget. Budget development progress is shared with Central Basin’s purveyor community at various points in the process – and their input is actively solicited. Developing the budget requires involvement from all departments, from labor allocations to development of project budgets. Calculations of net revenue and the debt coverage ratio are updated and distributed to internal decision makers at

every step in the process. The Board of Directors approves the operating budget of the District for the following fiscal year (July 1 to June 30) at least by May of each year.

During each fiscal year, the Finance Department publishes monthly budget-to-actual reports on the operating and capital improvements budgets. The Finance Department also publishes a Midyear Review Report in February of each year.

Central Basin's Strategic Plan

The District adopted the 3-year Strategic Plan in May 2015 in order to re-create the organization as a service provider, employer, and partner with our purveyors. The Plan was developed from the ground up with generous participation from our purveyors, our staff, and the Board of Directors.

Our Vision Statement is:

“Central Basin Municipal Water District
is an innovative, responsive, and effective steward
of the water service and management responsibility entrusted to it.”

Our Mission Statement finds derivation from our Vision Statement:

“The mission of Central Basin Municipal Water District
is to deliver reliable and high-quality water and recycled water
to its customers and communities through effective and collegial
partnerships with its retailers and wholesalers.”

The District's Board of Directors adopted 4 goals to implement the Strategic Plan, translating the Vision and Mission Statements into practical terms that have allowed District staff to formulate, at this writing, a total of 21 strategies and 86 objectives to fulfil the Strategic Plan.

- *Goal #1: Water Reliability* – We will partner with retailers and wholesalers to provide a level of regional water reliability that ensures customers' water needs are met.
- *Goal #2: Financial Integrity* – We will manage our financial resources in a responsible, effective, and transparent fashion.
- *Goal #3: Stewardship* – We will act as responsible stewards of human and capital resource assets.
- *Goal #4: Communications* – We will proactively engage, listen to, inform, and respond to our customers, purveyors, community leaders, stakeholders, and employees.

District staff report to the Board of Directors in open session each quarter on the progress we make toward fulfillment of our Strategic Plan. The FY 2017 Budget provides funding adequate for continued progress toward fulfillment of the Plan.

Revenue Analysis

The District's revenues are based upon a combination of flow-based and fixed-charges revenue. The core revenue components of the District are flow-based potable water sales, flow-based replenishment water sales, and flow-based recycled water sales. The most significant fixed charge is the standby charge – a \$10 per unit parcel assessment applied to all homeowners in the Central Basin service area. Other assessments are pass through in nature (originating with MWD), including the capacity charge and the readiness-to-serve charge (RTS).

Potable Water -- In FY 2015, the year before water supply allocations, the District sold 30,345 AF of potable water. The effects of allocations and drought have conspired to decrease sales in FY 2016 to an estimated 26,473 AF. The recent relaxing of allocations allows us to assume a "bounce back" to sales levels manifested in prior years. A bounce back is common to post-drought water use patterns. We have budgeted for sales of 30,000 AF in FY 2017.

The resulting revenue from 30,000 AF in sales is \$28,798,350. But the District doesn't retain any of this income. Central Basin purchases water from MWD at a rate they establish (\$942 per AF and \$979 per AF for each half of the 2017 Fiscal Year) and sells it to the District's purveyor retailers at the same rate. In this manner, the District's revenue (and expense) for potable sales are pass through in practice.

The District retains revenue from potable transfers through surcharges applied to delivery. Central Basin assesses to its water purveyors a \$20 infrastructure surcharge and a \$70 administrative surcharge to each acre foot of delivery. The resulting income is used to support the operational functioning of the District. Administrative Surcharge revenue predicated on 30,000 AF of sales is \$2,100,000. Infrastructure Surcharge revenue is estimated at \$600,000.

| Gross Potable Water Revenue Proposed FY 2017 Operating Budget | | | | |
|--|---------------------|----------------------|------------------------------------|-------------------|
| | FY 2017 Proposed | FY 2016 Estimated | FY 2017 Over/(Under) FY 2016 | FY 2015 Actual |
| Potable Sales & Surcharges | 31,508,350 | 27,079,273 | 4,429,077 | 30,295,881 |
| Potable Purchases | 28,798,350 | 24,683,893 | 4,114,457 | 27,490,163 |
| Gross Revenue Potable Water | 2,710,000 | 2,395,380 | | 2,805,718 |
| Sales in Acre Feet | 30,000 | 26,473 | | 30,345 |

Replenishment (Spreading) Water -- The sale of replenishment water to WRD has been historically inconsistent. We did not sell replenishment water in FY 2014. Then, in FY 2015, sales of 18,515 were recorded. The change between FY 2014 and FY 2015, in terms of our bottom line, was \$1.296 million. Such rise and fall in revenue between years challenges financial planning consistency. In FY 2016 we engaged contract with WRD for their purchase of 120,000 acre feet (AF) over the next ten-year period. The agreement provides stability for future planning. We will sell 19,635 AF in FY 2016, and estimate 19,600 AF in FY 2017.

Recent discussions with WRD hint that if State water allocations are relaxed sufficiently, WRD may be motivated to purchase more than our 19,600 estimation this year. Pending rate increase from MWD scheduled to become effective on January 1, 2017 contributes to this motivation.

The resulting gross revenue from 19,600 AF in sales is \$12,549,600. But as is the case with potable water, the District doesn't retain any of this income. Central Basin purchases untreated water from MWD at a rate they establish (\$594 per AF and \$666 per AF for each half of the 2017 Fiscal Year) and we sell it to WRD at the same rate. The District's revenue (and expense) for replenishment sales are pass through in practice.

The District retains revenue from replenishment transfers through a surcharge applied to delivery. Central Basin assesses the WRD a \$70 administrative surcharge for each acre foot of delivery. The resulting income is used to support the operational functioning of the District. Administrative Surcharge revenue predicated on 19,600 AF of sales is \$1,372,000.

| Gross Replenishment Water Revenue Proposed FY 2017 Operating Budget | | | | |
|--|-----------------------------|------------------------------|---|---------------------------|
| | <u>FY 2017 Proposed</u> | <u>FY 2016 Estimated</u> | <u>FY 2017 Over/(Under) FY 2016</u> | <u>FY 2015 Actual</u> |
| Replenishment Sales & Surcharge | 13,921,600 | 12,899,098 | 1,022,502 | 12,072,166 |
| Replenishment Purchases | <u>12,549,600</u> | <u>11,524,647</u> | 1,024,953 | <u>10,775,963</u> |
| Gross Revenue Replenishment Water | <u>1,372,000</u> | <u>1,374,451</u> | | <u>1,296,203</u> |
| Sales in Acre Feet | 19,600 | 19,635 | | 18,515 |

Recycled Water -- Recycled water delivery and income are a focus of District functioning. The majority of the infrastructure we own is our recycled water delivery and distribution system. As discussion in other parts of the Budget Message underscores, the District is hard at work to expand the District's recycled water distribution system and establish new user connections.

Recycled water is purchased from the Sanitation District of Los Angeles County at \$65 per AF and sold per terms of our sales contracts at an average rate of \$534. However, these purchase and sales commodity prices tell only a small part of the story. The District's full cost of recycled water sales is calculated by including the \$2.5 million we carry in the form of Engineering and Recycled Water Development maintenance and operations expenses.

Lower recycled sales in FY 2016 is interpreted by the District to be largely the result of confusion about conservation messaging during the drought. The use of recycled water does not count against water reduction targets, but many did not understand that. In order to improve recycled sales, the District has established strategic communication responses and added a new staff position to focus on adding new customer connections.

We are planning for a return to recycled demand levels experienced in FY 2015, and are assuming 5,408 AF in sales in FY 2017. This represents a 9% increase over FY 2016.

| Net Recycled Water Revenue Proposed FY 2017 Operating Budget | | | | |
|---|---------------------|----------------------|------------------------------------|-------------------|
| | FY 2017 Proposed | FY 2016 Estimated | FY 2017 Over/(Under) FY 2016 | FY 2015 Actual |
| Recycled Sales & LRP | 4,005,278 | 3,910,881 | - 94,397 | 4,184,119 |
| Recycled Water & LRP Costs | 2,639,644 | 2,639,644 | 0 | 2,519,522 |
| Net Revenue Recycling Water | 1,365,634 | 1,271,237 | | 1,664,597 |
| Sales in Acre Feet | 5,408 | 4,983 | | 5,406 |

Local Resource Program -- As an incentive to increase recycled sales, the District receives \$250 per acre foot of sales from MWD as part of its Local Resource Program (LRP) contract. Close examination of the LRP contracts has revealed that the current LRP arrangements are scheduled to expire next Fiscal Year, beginning in July 2017. This equates with a loss of \$1,352,000 in income in Fiscal Year 2018. We are, in response, very actively engaged in creating a new LRP contract.

Standby Charges -- The standby charge represents the only parcel assessment collected by the District. The standby charge is a direct (property) assessment to real estate parcels in the service area and yields a consistent collection base of \$3.3 million each year.

MWD Readiness-to-Serve Charge (RTS) -- The District will be assessed \$1,112,774 by MWD for the RTS, and will recover the same amount from our purveyors through our monthly billing process.

MWD Capacity Charge -- The capacity charge is based upon the District's highest peak demand on MWD for the months of May through September each year, as applied to the calendar years 2013, 2014, and 2015. The charge is \$10,900 per cubic feet per second (cfs) for the first half of FY 2017;

the charge declines to \$8,000 cfs for the second half of FY 2017. Central Basin's peak demand was 73.6 cfs. The resulting \$1,400,850 cost we pay is passed through to our purveyors through our monthly billing process.

Meter Service Charge -- In 2003, the District discontinued its fixed Meter Connection Maintenance Charge and replaced it with the Capacity Charge. One of the fixed elements within the former rate structure, however, was retained and renamed the Meter Service Charge. The \$69/per cubic foot assessment on each customer's meter capacity provides a small, consistent revenue stream. The Meter Service Charge remains unchanged and will generate \$585,276 in FY 2017.

Operating Expenses Analysis

As mentioned in the introduction to the Budget Message, the FY 2017 Proposed Operating Budget seeks to influence the District's longer-range future by adding and shifting resources to the technical areas of our operations: Water Resources and Engineering. We have accomplished this responsibly by reducing or holding the line on spending in all other District departments, with logical exceptions, as discussed below, in Board Services, Human Resources, and Building Services.

The discussion that follows in the section of the Budget Message is premised in large part on the change in spending between FY 2016 and FY 2017, as quantified below.

| Departmental/Functional Operations Summary Proposed FY 2017 Operating Budget | | | | |
|---|----------------------------|-----------------------------|------------------------------------|--------------------------|
| | FY 2017 <u>Proposed</u> | FY 2016 <u>Estimated</u> | FY 2017 Over/(Under) FY 2016 | FY 2015 <u>Actual</u> |
| Administration & Board Services | 1,721,709 | 1,061,605 | 660,104 | 1,233,682 |
| Finance Department | 899,823 | 900,223 | (400) | 762,543 |
| Debt Service Interest | 2,073,875 | 2,119,976 | (46,101) | 2,396,351 |
| Human Resources | 983,090 | 825,449 | 157,641 | 444,404 |
| External Affairs | 1,049,969 | 1,193,028 | (143,059) | 1,017,717 |
| Engineering & Operations | 2,498,844 | 2,327,921 | 170,923 | 2,544,574 |
| Water Resource & Planning | 694,913 | 445,433 | 249,480 | 202,358 |
| Information Technology & Building Svcs | 748,306 | 718,458 | 29,848 | 748,076 |
| Legal Services | 479,000 | 530,948 | (51,948) | 664,805 |
| Departmental Operations Expense | 11,149,529 | 10,123,041 | 1,078,436 | 10,014,510 |

Administration & Board Services -- These combined activities evidence an increase of \$660,104 over estimated performance in FY 2016 owing to the addition of \$655,000 in funding for the November 2016 Board of Directors election.

Finance Department -- This budget displays a decrease against the prior year of \$400. The notable change in the Department is the proposed transition of the Budget and Finance Intern position to a permanent part-time Accounting Associate with the addition of full-time employment benefits. The incremental cost of the position enhancement is \$33,759.

The Finance Department has set-aside \$40,000 in contractual funding for a water rate study in FY 2017. We think it a best practice to engage this process upon the publication of our five-year financial forecast. We have the obligation under the Installment Purchase Agreement pertaining to the 2010 Certificates of Participation (COPs) to manage rates and charges sufficiently to maintain a 1.15 times debt coverage ratio. It is the consensus opinion of our bankers and credit rating agencies that the District eventually act to increase its revenue recovery from potable and recycling water sales. The question isn't if we act in this politically sensitive policy area, it is when we will act.

Debt Service Interest -- The interest portion attributable to the 2010 COPs decreases by \$46,101 in FY 2017. This is good news. The less-than-good news is that the principal portion of this debt service payment increases this year by \$220,000. See discussion of Debt Service Principal in another section of the Budget Message.

Human Resources Department -- The Human Resources budget offers increase over the prior year in the amount of \$157,641. The main factor in the increase is the transfer of all costs associated with the District's employment practices insurance coverage to Human Resources. It was incorrectly budgeted in Building Services last year. There's no sugar-coating this one: the high cost for this insurance is negatively influenced by the District's recent employment litigation history. The FY 2016 cost was \$155,000, up sharply from the \$70,000 budget estimate we started with last year. The quote we have for renewal in FY 2017 is \$198,000. The HR budget also possesses funding for training for newly elected Board members, \$15,000, and staff project management, \$30,000. The latter training is a requirement of the State Audit.

Last, the HR budget contains \$85,000 as a set-aside for merit pay adjustments for our employees. This represents a combined adjustment factor of 3.9%.

External Affairs Department -- The External Affairs budget has been decreased by \$143,059, not because of programmatic reductions, but because we have transferred the Conservation Manager position to the Water Resources & Planning Department effective July 1, 2016. This shifting of human resources creates a win-win for the District. A talented employee will be able to grow into greater involvement in the technical areas of water use management, and Water Resources & Planning will extend its reach in the organization. Additional benefit in this re-allocation of resources is found in the technical support that will be provided the Conservation Manager in grants management. The District is suddenly beneficiary of large Proposition 50 and Proposition 84 grant awards and a team approach to these projects makes business sense.

Apart from this change, the Government Affairs budget within External Affairs Department has provided for a full-year of lobbyist services, total contract value \$124,000. Last year we budgeted \$60,000 for lobbyist assistance for a limited portion of the Fiscal Year.

Engineering & Recycled Water Operations Department -- The Engineering & Recycled Water Operations budget increases over estimated FY 2016 by \$170,923. This said, however, the Department's mission in FY 2017 is less about money and more about direction and purpose. Now that we have achieved a staffing ratio and consistency of function in the Department, we are proposing an aggressive capital projects plan that will need great attention and project management. Almost \$6.4 million has been put into play, spread among four different major projects. See the Capital Improvement Projects and Grants Projects section of the Budget Message for complete explanation.

The capital projects plan addresses the recycled water sales future through the creation of new pipeline and delivery mechanisms. In the here and now, the most significant monetary change in the budget is the addition of contractual costs designed to kick start recycled water customer development with new connections available to the current Central Basin delivery infrastructure.

- Our existing contract with Liberty Utilities for on-site management of recycling facilities has been augmented on a one-time basis by \$98,500 so that Liberty can commence customer outreach to expand our recycled water customer base.
- Hand in glove with this contract enhancement is the addition, approved in FY 2016, of one full-time position in our organization – a Recycled Water Development Specialist – designed to work alongside Liberty in customer development. The intention of this unique public-private partnership is to train the new employee over the course of the next 12 months, and then allow the contract modification with Liberty to expire. We will be left with a field-trained, contributing employee to the benefit of recycled water sales.

Water Resources & Planning Department -- Last year we created the Water Resources & Planning Department in recognition of the growing importance of this function. This year the total Department spending plan increases by \$249,480.

- This year we are expanding the technical reach of the Department with the transfer of the Water Conservation Manager to Water Resources. This shifting of human resources creates a win-win for the District. See the discussion of this exchange in the External Affairs Department narrative above.
- Mostly as a consequence of the position transfer, the budget for Water Resources & Planning displays \$248,580 increase of estimated FY 2016 spending.
- The Department's budget has also been enhanced by the \$40,000 to conduct a water supply reliability study in FY 2017.

Information Technology & Building Services Department -- Spending in the Building Services cost centers expands by a slight margin, \$29,848, owing to a \$21,850 in software licensing costs, \$3,400 increase in data transmission costs, and \$4,000 increase in electricity costs.

Legal Services -- The FY 2017 legal service budget decreases by \$51,948. Beyond this fact, the historical numbers tell the story. Legal spending by fiscal year has been \$1,585,617 in FY 2013; \$2,582,375 in FY 2014; and \$664,805 in FY 2015. Estimated spending is \$530,948 in FY 2016. The recommended budget for FY 2017 is \$479,000. As can be easily seen, the difficult, transitional period the District faced is largely behind us, and our bottom line is much better for it.

California State Auditor's Report: The "Governance Question"

In addition to the 32 recommendations for action made to the District, the State Auditor made a single recommendation to the California Legislature to consider changing the District's governance structure. "The District's Board of Directors is currently publicly elected," the report declares, "yet the Board's customers, to which it should be held accountable, are those various entities the District wholesales water to which is, in turn, then sold throughout the District."

In the several weeks following publication of the Auditor's report, action on the governance question has swiftly followed two tracks. On one, the District has provided a professional mediator to our purveyor community – "those various entities the District wholesales water to" - to develop a consensus for their preferred policy direction. On the other, legislation has surfaced in Sacramento that would mandate structural change through the imposition of additional members on our Board of Directors and through the creation of a "technical advisory committee" with statutory powers over certain elements of District functioning.

The good news is that the two tracks are working in parallel and collaborative manner, and all parties demonstrate sincere commitment to the District's governance improvement and operational sustainability.

The less-than-good news relates to the rule of unintended consequences. Permanent additions to the District's Board of Directors will result in permanent addition to our administrative cost structure ranging between \$136,000 to \$260,000 annually. And resulting one-time governance transition costs could approximate \$85,000 in FY 2017, reaching a total of \$300,000 in subsequent years. Increased cost translates into increased pressure on our debt coverage ratios and debt covenants. It will be a sad irony indeed if the "solution" to governance problems in our past – problems largely solved at this writing – adds greater pressure on the District to raise water rates to offset legislatively-mandated costs.

At this writing, legislative resolution of this critical matter has not been achieved. For this reason, total projected incremental costs ranging between \$221,000 and \$345,000 are not included in the FY 2017 Proposed Operating Budget. Nor have we made assumption in our Five-Year Forecast for additional transition costs of \$215,000 in subsequent years. If and when change is made to our

governance structure, we plan on returning to the Board of Directors to recommend action and to seek expense appropriation from reserves to accommodate the new spending requirements.

Debt Service Principal

Accounting standards for enterprise operations like ours require that debt service payments toward *principal reduction* (debt service interest is discussed above) be transacted from the District's balance sheet. This means that these disbursements do not appear on the District's general ledger and are therefore not immediately obvious to the lay observer.

Our requested authorization for payment in FY 2017 is threefold:

- Principal for the 2008 COPs in the amount of \$525,000. Last year's payment was \$500,000.
- Principal for the 2010 COPs in the amount of \$1,040,000. Last year's payment was \$820,000. The payment in FY 2018 increases to \$2,645,000. Herein the reader understands the District's motivation to re-finance the 2010 COPs. See related discussion in the Debt Refinancing section of the Budget Message.
- Principal payments for the Vernon Projects Credit in the amount of \$43,901.

Water Quality Protection Project

In the early 1980s, it was discovered that large portions of the groundwater in the San Gabriel Basin groundwater was contaminated with volatile organic chemicals. In 1984, the EPA identified the San Gabriel Valley as a Superfund Site subject to remediation. In response, the Basin was divided into eight operable units, one of which is the Whittier Narrows Operable Unit (WNOU). The goal of the remedial action for the WNOU is to contain contaminated groundwater that is migrating from the San Gabriel Basin through Whittier Narrows and into Central Basin. Due to the hydrogeology of this region, all of the water that leaves the San Gabriel Basin passes through the Whittier Narrows and into the Montebello Forebay, which comprises the northern portion and primary source of recharge for the Central Basin. The WNOU remediation prevents further contaminated groundwater flowing from the San Gabriel Basin into the Central Basin aquifer, protecting downstream wells and the groundwater recharge facilities to the Montebello Forebay. The WNOU is operated and maintained by the EPA.

In the early 2000's, the Water Quality Protection Project (WQPP), funded by the United States Bureau of Reclamation, was constructed and put into production to prevent any contaminants from San Gabriel Valley that may make it beyond the WNOU from spreading into the Central Basin's local groundwater supply. The WQPP system facilities, located downstream of the WNOU, consist of two extraction wells and associated liquid phase granular activated carbon treatment for the removal of volatile organic chemicals and other contaminants. The District received a domestic water supply permit from the California Department of Public Health in 2004 and became a community water system entitled to operate the newly-constructed facilities that are a

part of the WQPP. Currently, the two source wells and treatment facility are owned by Central Basin and tie into an existing distribution system owned and operated by the City of Whittier. Once the WQPP water is pumped and treated, it flows into the chlorination basins owned by the City of Whittier and is then distributed to the cities of Whittier, Santa Fe Springs and Pico Rivera.

The WQPP was established to be budget neutral to Central Basin. Each year, costs incurred by the District are recovered in full by sales of the treated water to the cities of Whittier, Santa Fe Springs and Pico Rivera. In FY 2017, however, water sales alone will not offset additional expenses the District has budgeted to continue the process of closing the WQPP out. For this reason, a funding reserve on the District's balance sheet established years ago from excess WQPP assessment is applied against expenses at year end.

Capital Improvement Projects

For several successive years, the District's senior management leadership and Engineering & Operations Department staffing was in an unfortunate and constant state of change. Our ability to plan, budget and execute capital projects was thwarted by inconsistency, and the bottom line results tell the story. Some \$13.9 in capital project budgets were put on the table between FY 2013 and FY 2015 and barely \$100,000 was expensed.

Today, with permanent staffing and consistency in operations in place for nearly two years, we are determined to make huge inroads into capital spending on our recycled water system.

Major projects are described below.

3 Million Gallon Storage Tank: Study & Design, \$350,000 -- The eventual construction of a storage facility for our recycled water system will allow the distribution delivery system to provide a balance against daily demand for water. The final product, expected to be completed in FY 2019, will possess capacity to meet a "24/7" demand throughout the year. Total project cost over a three-year period is \$3,500,000, of which low-interest loans will make up \$3,350,000 of the total. In FY 2017, Grant funding will contribute \$75,000, Central Basin's contribution will be \$75,000, and low-interest loans will contribute \$200,000.

Rio Hondo Pump Station Improvements, \$650,000 -- This is the first year of a two-year initiative that will replace water pumps and a variable speed drive that have been "life-cycled" into relative obsolescence. Central Basin will contribute the total project budget over the next two years of \$1,300,000 from District reserves or from a low-interest loan.

Montebello Recycled Water Expansion Project, \$1,890,000 -- The District, Montebello Land Company, the City of Montebello, the San Gabriel Valley Water Company and the City of Monterey Park will construct a pipeline to bring recycled water supply into the northern area of the City of Montebello, the City of San Gabriel and, potentially, the City of Monterey Park. The pipeline will extend from the existing recycled water system in the City of Montebello. This is a two-year

project having total budget of \$4,725,000. Funding sources are divided between Proposition 1 grants and low-interest loans.

Monterey Park Recycled Water System Expansion Project, \$1,470,000 -- The City of Monterey Park has partnered with the District in an extraordinary way. The City is putting up \$3,675,000 of its own funding, to be reimbursed to the District as project lead, to create a delivery system for expanding recycled water development in their community. The project offers a two-year timeline for execution, with the District “fronting” expenditures, and the City reimbursing the District at every step of the process.

La Mirada Recycled Water System Expansion Project, \$1,000,000 -- This four-year effort will see to expansion of the existing recycled water distribution system in south Santa Fe Springs into La Mirada. To date, we have been advanced the processes of procuring environmental consulting and design services. The proposed pipeline alignment is being determined together with the confirmation of new points of connection. From there we will obtain site plans for each location and determine retrofit needs. Our efforts find collaboration with Suburban Water Systems. Total project budget over a four-year horizon is \$14,530,000. Funding sources are divided equally between Proposition 1 grants and low-interest loans.

Gateway Cities Recycled Water Expansion Project, \$494,300 -- With a Proposition 84 grant award already in hand, the cities of South Gate, Bell Gardens and Lynwood are partnering with the District to expand the District’s recycled water system (and site connections) into their communities under a bundled project named the Gateway Cities Project.

The scope of work under Proposition 84 funding includes planning, design and environmental documentation for pipeline construction. After completing these portions of the project, the partnering agencies plan to look to Proposition 1 funding for and construction.

The District’s General Counsel is now preparing individual agreements to formalize partnerships with each city. We expect differences in agency approach in each agreement. It appears that South Gate will be working to prepare their own environmental documents and design. Bell Gardens may handle their project in a similar manner. On the other hand, the District may execute the environmental and design processes for Lynwood. The terms of these contracts will be influenced by the terms of the contract agreement to be executed between the District and the Gateway Water Management Authority.

This is a four-year project valued at \$9,186,500 that will utilize the District’s \$920,811 Prop 84 grant award and a Central Basin \$125,333 match in the first two years. Future project funding will be derived from Proposition 1 grant funding.

Grant Projects

Grant funding is an elusive prey. From a distance it appears easy to hunt down awards offered by agencies like the State of California, the Department of Water Resources (DWR), or MWD, but

the day-to-day reality is quite different. This ain't money for nothing. Applying for and managing grants is highly-technical and time-consuming work that pushes the limits of our permanent staffing in Engineering, Water Resources and Finance.

We saw some of this coming. In FY 2017 we have transferred the Conservation Manager, the lead project manager on conservation grants, to the Water Resources & Planning Department. This shifting of human resources creates a win-win for the District. Our employee will be able to grow into greater involvement in the technical areas of water use management, and Water Resources & Planning will provide technical support to grants management. The District is beneficiary of large Proposition 50 and Proposition 84 grant awards and we must evolve toward a team approach on these projects to achieve greatest success.

There are two parts to the grant funding dialogue in FY 2017. The first is about the grant awards we already have in hand. The second is about our plans to obtain new funding.

Two water conservation grants have been awarded us and are included in the FY 2017 Grant Projects Proposed Budget.

- Water Conservation Management & Education Program Grant, \$809,000 -- The State of California, through the DWR, extends a second year of funding to us by virtue of Proposition 50. We aren't afforded much time to act: all funding must be expended in full by December 31, 2016. We stepped up last month and selected a vendor to manage the program, and activities have already commenced. Eligible uses of funding target public and private agency retrofits and device installations.
- Proposition 84 Southeast Water Efficiency Program (SEWEP), \$235,301 -- Funding applied in FY 2017 will commence the first year of a three-year conservation programming effort. The total grant award is \$705,902, and the District will match with \$402,944. The application of funding will target non-profits agencies. That is, public places and City-owned facilities. We expect all relevant project documents to be in place between May and July of this year.

A Proposition 84 recycled water capital grant has been awarded us and it is discussed in the Capital Improvement Projects section of the Budget Message.

In terms of the immediate future, we entertain aggressive plans this year to achieve grant funding under the patronage of Proposition 1 for capital projects discussed earlier in the Capital Improvement Projects section of the Budget Message: the 3-MG storage tank and Montebello and La Mirada expansions. If that isn't a heavy enough lift, we also target the same projects for low-interest loan applications. Much is to be done, considerable effort need be applied on multiple fronts.

As project work toward capital projects and grants management advances, it will be of critical importance that we hold ourselves accountable to doing what we say we will do. If we reach our productivity limits and progress in any project area lags, it will be the duty of senior management

to clearly communicate in status reporting and, when necessary, request necessary additional resources (e.g., consultant assistance) to make things happen on the schedules we publish.

Changes to Authorized Positions of Employment

We propose a full-time equivalent (FTE) position total of 24.73, a position count 1.51 FTE greater than last year. A description of the proposed changes to authorized staffing follows below. See the Authorized Positions of Employment schedule within another section of the Proposed Budget for a complete listing of all District positions.

- *Water Resources Intern* (.35 FTE increase) -- Our internship program was established last year and created great value-added to the organization at low cost. For FY 2017, the expanding activities of the Water Resources & Planning Department offer opportunity to fill in the work gaps with part-time internship staffing. Incremental annual cost of the position is \$11,755.
- *Principal Water Resources Specialist* (.27 FTE increase) -- The District has had the benefit of the superb services of a retired CalPERS annuitant in this position working an average of 6.5 hours each week. We propose expanding the staffing hours of this position to meet the expanding activities of the Water Resources & Planning Department to approximately 12 hours per week. Incremental annual cost of the position enhancement is \$60,457.
- *Accounting Associate* (.04 FTE increase) -- The proposed FTE increase for this position is small, just .04 FTE, but the proposed change in position composition is the real story. We propose that this position, formerly a Budget & Finance Intern, be re-classified to Accounting Associate and that the position become a permanent part-time position with full employee benefits. As the Finance Department's role in grants accounting and capital projects accounting expands with our aggressive grant and capital plans, the attractiveness of part-time job with full-time benefits will easily allow us to attract and retain top-quality talent and will keep the Department at the cutting edge of performance. Incremental annual cost of benefitting this position is \$33,759.
- *Public Affairs Specialist* (.25 FTE increase) -- This position is currently employed in a .75 FTE part-time capacity with full employment benefits. We propose expanding the FTE to full-time status to meet the demands of External Affairs Department event logistics and customer outreach. Incremental annual cost of bringing this position to full-time status is \$13,172.
- *Public Affairs Intern* (.15 FTE decrease) -- This internship position is proposed for termination on June 30, 2016. Expansion of the Public Affairs Specialist position, see above, leaves no gap in work performance in the External Affairs Department. Incremental annual savings from position termination is \$5,710.

Employee Compensation and Benefits

The District is a merit-based employer. Our compensation system is not subject to union contracts or collective bargaining. The compensation for each employment classification is established by action of the Board of Directors and is periodically updated to capture changes in classification titles and rates of compensation.

While the December 2015 State Auditor's report observed that our employee compensation may generally lag similar agencies, we endeavor to provide a return for services rendered that is competitive within the framework of what we can afford.

Total budgeted salaries for the District in FY 2017 are \$2,203,269. This year, consistent with FY 2016, we have set aside funding for merit-based pay adjustments. The Human Resources budget contains \$85,000, or approximately 3.9% of our total base pay, for this purpose.

The District provides a full range of benefits for full-time employees. Our health care coverage is particularly distinguished. Total budgeted benefits for FY 2017 are \$1,261,738.

Employee Defined Benefit Pension Plan

We are a participant in the California Public Employees Retirement System (CalPERS). District employees, depending on original date of hire, participate in the CalPERS 3%@60, Plan, the 2%@55 Plan, or the PEPR 2%@62 Plan.

The FY 2017 rate of contribution against salaries paid to full-time employees for each retirement plan is as follows: 16.56% of compensation for the 2%@55 Plan; 21.50% for the 3%@60 Plan; and 6.93% for the PEPR Plan.

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. In addition to creating a less-expensive retirement formula for newly hired members, PEPRA closed all pre-existing retirement risk pools to new employees. The District implemented these changes, closed its plans to new members, and established its PEPRA plan for all full-time employees hired after January 1, 2013.

Pension reform came with a price to pay for all CalPERS member agencies. CalPERS faced a long-term pension-funding dilemma because the less-expensive retirement formula in the PEPRA plan translated to diminishing contributions to pre-existing retirement plans. It was no longer actuarially feasible to assume new membership growth and payroll growth as in the past.

Shortly thereafter, on May 21, 2013, the CalPERS Board of Administration revised methodology for future member agency contributions and implemented the requirement that member agencies pay down their unfunded accrued liability (UAL) as an annual dollar assessment. Both changes are amortized over a 30-year period beginning in Fiscal Year 2015-16. The District's UAL payment in FY 2016 was \$214,609. Our UAL payment grows by 14% in FY 2017 to \$245,397.

The District's total FY 2017 pension costs, inclusive of the UAL, is estimated to be \$561,034.

Other Post-Employment Benefits (OPEB)

OPEB costs constitute the promise we have made to current and retired employees to continue their medical coverage and health reimbursement out-of-pocket spending after their retirement from our service. A third-party actuarial determination of current and future OPEB plan costs is an accounting requirement implicit to this benefit. The resulting computation of annual lump-sum contribution is called the Annual Required Contribution (ARC).

The District has exceeded its ARC by virtue of its operating budget payments for several years, and we have, as a result, postponed for two years our lump-sum cash contribution to the ARC and still maintained a 97% plan funded ratio. The point is this: the lump-sum OPEB ARC payment, estimated at \$137,000 in FY 2017, has been omitted from the Human Resources budget for the third consecutive year. In the future, if plan actuarial valuations change and the ARC requirement grows beyond our spending pattern that maintains full plan funding, we can expect to re-budget the ARC.

There are currently 13 retired District employees being served by our healthcare program.

Credit Ratings

The District has deep respect for the credit rating reports published by external monitoring agencies; we do, in fact, premise our financial planning activities on maintaining or improving the District's credit standing.

Several months ago, new credit rating reports were published by Standard & Poor's and Moody's. The Standard & Poor's report, published in September 2015, affirmed all elements of the District's prior ratings. The rating affirmed the District's 'A' rating and underlying rating on its 2010 revenue certificates of participation. At the same time, the 'AAA/A-1+' rating to the District's 2008B adjustable rate refunding COPs, with a bank facility (letter of credit) extending to September, 23, 2016, was also affirmed. This is good, but there is caution here, too. S&P continues a "negative outlook" on the District as a reflection of revenue uncertainty and potential impacts to debt service coverage consequent to the California drought.

Our disclosure would be slapdash if only part of the story were told. S&P's 2015 affirmation of prior ratings is indeed a positive indicator, but it follows S&P's April 2014 ratings report that downgraded three of the four rating elements in our credit profile.

In the aftermath of bad and good news from S&P, the Moody's report, published October 16, 2015, downgraded the District to A1 from Aa3. Moody's decision to downgrade was primarily driven by concern over future debt coverage ratio levels that may underperform due to conservation efforts associated with prolonged drought conditions.

On the flip side, both rating agencies reference as strong points the strength and diversity of the District's service area; reduction in litigation expense; recently-appointed senior managers; stability in property-based standby charges; and improved financial performance in Fiscal Years 2014 and 2015.

The District is currently at work with its financing team in an effort to refinance the debt associated with our 2010 COPs. As we prepare to approach the rating agencies to evaluate our borrowing position, our rapid progress in meeting all recommendations made by the State Auditor and our assembly of a first-ever five-year financial forecast will speak loudly about our advancements and credit-worthiness.

Debt Coverage Ratios

A homeowner hopes to generate annual income for her household that is significantly greater than annual mortgage payments. If the spread between income and housing costs is too narrow, she can become "house poor" and the family's other financial obligations suffer. In similar manner, it is a primary financial objective of the District to consistently achieve annual net revenue in substantially greater proportion than our debt service payments. This statement is a working definition of the "debt coverage ratio." The debt coverage ratio is used by credit rating agencies and our creditor bank to evaluate our performance.

We get it at Central Basin. The debt coverage ratio is serious business. And it is a highly influential factor in our credit ratings. We demonstrate our respect for the credit rating agencies by using the debt coverage ratio for budget planning, internal performance assessment and for longer-range financial planning.

We coordinate with Moody's credit rating agency and U.S. Bank, the managing arm of our letter of credit, and refer to our 2010 COPs Installment Purchase Agreement to achieve alignment with all debt coverage methodologies using the verified results of annual audits. The same formulaic models are used by the Finance Department for interim reporting and budget planning.

While the rating agencies may ultimately be correct in their opinion that the California drought may translate into lower water sales and revenue and diminishing debt coverage ratios in the near future, the three-year pattern in the District's debt coverage ratio demonstrates noteworthy advancement. The ratio derived according to Moody's methodology was 0.11 times in Fiscal Year 2013, and improved substantially to 1.04 times in Fiscal Year 2014. The Fiscal Year 2015 ratio increased to 1.58 times, exceeding our target goal of 1.50 times as established by Moody's.

U.S. Bank, the overseer of our letter of credit pertinent to the 2008 COPs, employs a more liberal calculation in its coverage ratio because it excludes expenses pertaining to our External Affairs Department. This calculation, with its 1.15 times coverage target, has been a working policy objective for the District in budget assembly and interim monitoring. The ratio of 0.86 times in

Fiscal Year 2013 improved to 1.29 times in Fiscal Year 2014. The Fiscal Year 2015 ratio improved markedly to 1.78 times.

Discussion of the range of debt coverage ratios estimated for FY 2016 and FY 2017 is found in the Net Revenue Analysis and Debt Coverage Ratios section of the Budget.

Five-Year Financial Forecast

In October of 2015 we engaged contract with a consultant firm to professionally develop a five-year financial forecast. The District last published an internally-developed five-year forecast in FY 2010. The forecast will model our current revenue and expense structure and contrast it with models necessary for the improvement of our net revenue and debt coverage performance.

Work was temporarily suspended in January until the District completed its Five-Year Capital Improvement Projects Plan. Work resumed at the beginning of April when we delivered the Plan.

When the Forecast is rolled out, it may result that because we are not currently considering surcharge or other revenue increase we will discover that an unchanged rate structure will not adequately provide for continuation of acceptable debt coverage ratios. Our 2010 Installment Purchase Agreement requires the District to fix, prescribe and collect rates and charges for its water service at least sufficient to yield a debt coverage ratio of 115%. The banks and rating agencies aren't shy about communicating this requirement to us.

On the other side of the coin, a policy choice to hold our revenue structure constant would require implementation of progressive reductions from our operating budget.

The choice we face to get from here to there is either raise the bridge or lower the water. We will get a glimpse of the magnitude of corrections needed when the Forecast is presented in the coming weeks.

Debt Refinancing and Letter of Credit

The debt service schedule pertaining to the District's 2010 COPs obligates an increase in the debt service principal payment of \$1,605,000, or 54% in Fiscal Year 2018. That's one year from now. The balloon increase remains in place for five years, until Fiscal Year 2022, and then drops precipitously beginning in FY 2023. The total five-year cost of the increase is \$6.7 million greater than our status quo revenue base can support, meaning that we would be obligated to pay debt service from reserve holdings in violation of debt covenants or confront ominous water sales rate increases.

For the record, our potable surcharges of \$90 would have to be raised to \$143 to make up the increase in debt service. That's a 59% rate increase.

Conjecture has it that decision makers in 2010 consented to this aggressive debt service schedule because a water utility is often seen as having relative freedom to raise rates. This is not real-world thinking. Nor is it consistent with the evolving application of Propositions 218 and 26 and related case law that call for revenue decisions that possess a cost of services nexus.

Viewed from another perspective, the FY 2018 increase of \$1,605,000 is equivalent to 14% of our department-based operating budget. It follows that if we do not re-finance this obligation now we face operating budget reductions of at least 14% beginning next year.

Months ago we re-assembled the financing team first created in 2014 (financial advisor, underwriter and bond counsel) and have begun the process of refinancing our debt obligations. The process is similar to a home refinancing: we seek level and equal “mortgage payments” in the future that will not disrupt financial planning.

It is the consensus opinion of the financing team that the District’s Five-Year Financial Forecast must be first developed and available for review by potential creditors before the process begins in earnest.

It is one thing for credit rating agencies to express dispassionate opinion on the District. It is another entirely when a bank puts its own financial “skin in the game” to carry a letter of credit (LOC) with a public agency. Months ago the District was notified that US Bank, the holder of our LOC pertaining to the 2008 COPs, was considering a termination in our credit relationship. This was bad news with potential worst-case outcomes of catastrophic dimension. US Bank officials were understandably worried about recent credit rating opinions of Moody’s and S&P and the issues of District governance identified by the State Auditor.

Following a credit review process that included extensive interview with me on our progress and prospects regarding managerial improvements, organizational functioning and water resource management, we were relieved to have been recently notified that the bank is recommending to its credit committee the continuation of the LOC for a period of 2 years. Bank officials have made it clear to me that while they are favorably impressed with what we’ve done to change organizational inertia, meet the State Auditor’s recommendations, and implement a host of best practices and internal controls, the relatively short two-year renewal serves as not-so-subtle notice that that we must sustain our performance into our medium- and long-term future.

New Financial Policies

- *Reserves Policy* -- Adopted in April 2015, the District’s first-ever Reserves Policy established several designations against Unrestricted Net Position. The designations can be released and applied to certain expenses (legal, capital, election, grant cash flow) through public action of the Board of Directors. The Reserves Policy is now being updated to establish guidelines for replenishment of reserve designations following their use.

- *Debt Management Policy* -- Adopted in December 2015, bringing together a plethora of best practices in alignment with Government Finance Officers of America (GFOA) standards, the District's first-ever Debt Management Policy offers guidance for staff and the Board of Directors in evaluation of debt service options; maintenance of appropriate assets for present and future needs; enhanced reporting requirements; protection of credit rating; and adherence to the legal means of financing authority through internal controls.
- *Revised Procurement Policy* -- Extensively revised by staff and General Counsel in March 2016, the new Policy represents the amalgamation of best practice and current legal standards specifically tailored to Central Basin's unique functioning. In addition to revising elements of the Administrative Code pertaining to administrative functioning within the organization, the Policy incorporated all internal controls recommendations made to the District by the State Auditor in December 2015.

Treasury Management

Central Basin's 2016 Investment Policy was approved by the Board of Directors on January 25, 2016.

The Policy was created in compliance with California Government Code, Section 53600. It establishes guidelines and practices used in managing the District's available cash and investment portfolio. In addition to maintaining consistency with the legal investment authority established by the California Code, the District, like most other local government agencies, holds to three investment objectives: Safety of Principal, Protection of Liquidity, and Return on Investment. In practice, the investment objectives translate into conservative treasury practices that seek to protect District assets from loss.

The Investment Policy -- reviewed and approved at least annually by the Central Basin Board of Directors -- stipulates that the District's Finance Director/Treasurer publish a monthly report to the Board of Director's "indicating the types of investment by fund, institution, date of maturity, and amount of deposit, and shall provide the current market value of all securities with a maturity of more than 12 months, rates of interest, and expected yield to maturity." The reporting requirements are being met.

The District maintains its investments in unrestricted and restricted categories. Unrestricted investments include cash in bank, deposits with the State Treasurer's Local Agency Investment Fund (LAIF), active investments under the custody of Union Bank, and miscellaneous idle cash (money market fund) under the custody of Union Bank.

Restricted investments have been established per the debt covenants pertaining to 2010 COPs. The debt covenants require maintenance of a bond reserve invested in qualified Federal government agencies. The debt covenants are being met.

At this writing we have \$16.8 million in net cash and investments under active management. The weighted average yield in the unrestricted portfolio and restricted portfolio averages about 1.60%. As a comparative benchmark, the State of California's Local Agency Investment Fund (LAIF) yield is 0.45%.

Investment income is estimated at \$155,000 in FY 2016 and \$160,000 in FY 2017.

Basis of Accounting and Budget

Central Basin reports its financial activities using enterprise fund accounting as established by GAAP. Enterprise funds operate in many ways like private-sector businesses. Thus, enterprise fund financial statements (our audited Comprehensive Annual Financial Report, specifically) has a shared measurement focus (economic resources) and basis of accounting (accrual) with the financial statements of private-sector businesses. For the purpose of financial reporting, revenues are recognized when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Private-sector businesses and not-for-profit organization commonly utilize budgets. However, budgets for these organizations are essentially managerial tools, whereas budgets for public agencies like Central Basin, which must be approved by the legislative body, also serve as a control on management and impose restrictions on spending.

While year-ending financial reporting must strictly adhere to accrual accounting, the GAAP requirements for budgeting function only as guidelines. GAAP requires that budgets be adopted by every government; that the accounting system provide a basis for budgetary control; and that budgetary comparisons be included in published budgetary statements and schedules.

Central Basin develops and adopts its budget using a cash basis of accounting in conformity with GAAP requirements. This means that all numerical and statistical data included herein represents a full twelve months of estimated and projected financial activity. The reliance on accrual accounting would be an impractical budgetary methodology, as accrual accounting relies upon year-ending accounting adjustments to the General Ledger of accounts.

Conclusion and Acknowledgements

If you've read this far, you've come to terms with the fact that the candor, disclosure and – yes, “transparency” – in this Budget Message far exceeds the norm. Well, that's our new standard. Over the course of 24 months the bar on performance has been raised and good government is the gift we return to the possession of the more than 1.6 million people and multiple agencies we serve.

There is a tangible quality I have discovered in the company of my co-workers here at Central Basin. It is remarkably positive, energetic, and life affirming. I am proud to lead our team. We, a group of less than 30 individuals under Board of Director's leadership, have accomplished much

together, and our \$65 million public service agency is positioned for exceptional performance in the water industry. We are, it must be said, already focused on the sustainability and permanence of what we have established.

The Senior Management team that have contributed greatly in crafting the foundations of this financial plan deserve singular recognition:

- Maggie Aguilar, Director of Administration & Board Services
- Dina Hidalgo, Director of Human Resources
- Joseph Legaspi, Director of External Affairs
- Jacque Koontz, Engineering & Operations Manager
- Lonnie Curtis, Chief Engineer
- Tammy Hierlihy, Water Resources Manager
- Albert Plimpton, Director of Technology

Many of my thoughts and intentions in matters financial find articulation through Josh Betta, our Finance Director. Josh and his Finance Department team have gone about the business of accounting management, procurement and budget and financial planning in such exemplary fashion that I have requested his co-signature below.

With respect and sincerity, we are



Kevin P. Hunt P.E.
General Manager



Josh Betta
Finance Director

April 15, 2016



Central Basin
Municipal Water District

Summary of Revenues, Expenses and Changes in Unrestricted Net Position

This schedule of financial activity offers a three-year overview that starts from the verified Unrestricted Net Position of \$12,586,926 as found in the District's FY 2015 Comprehensive Annual Financial Report (CAFR). The enterprise accounting term "Unrestricted Net Position" is *functionally* synonymous with "reserves".

From the beginning reserves position, the schedule displays estimated outcomes from FY 2016 and their correlating impact to reserves at year end. The same is true for FY 2017.

The Net Revenue Analysis and Debt Coverage Ratios schedule found later in the Budget presents information described above in a context tailored to the requirements of credit rating agencies and our creditor bank. This is akin to translation between related languages. One takeaway is this: monies spent on capital projects are excluded in the District's calculation of net revenue and debt service coverage ratios.

Intricate application of the District's Reserves Policy is found in this schedule.

The Reserves Policy establishes Designations of Unrestricted Net Position for Election Costs, Legal Expenses, and Emergencies as stipulated below:

| | | |
|-----------------|----|-----------|
| Election Costs: | \$ | 750,000 |
| Legal Expenses | \$ | 1,000,000 |
| Emergencies | \$ | 1,000,000 |

The District shall endeavor to replenish Designations appropriated to Election Costs and Legal Expenses to the original amounts specified above within two fiscal years of their application, if not sooner. The District shall also endeavor to replenish Designations applied to Emergencies to the original amount specified above within the timeframe established by the Board of Directors if and when emergency is declared.

As the Finance Department closes the books in preparation for publication of its Comprehensive Annual Financial Report (CAFR), the General Manager shall determine the availability of unrestricted reserve funding and issue direction for replenishment of Designations as necessary and appropriate within the context of the District's larger financial picture.



Central Basin
Municipal Water District

Central Basin Municipal Water District

Summary of Revenues, Expenses and Changes in Unrestricted Net Position

| | Audited Actual FY 2015 | Estimated FY 2016 | Budgeted FY 2017 |
|--|---------------------------|----------------------|---------------------|
| Beginning Unrestricted Net Position | | \$ 5,036,629 | \$ 10,805,870 |
| Revenue | | | |
| Operating Revenue | | 51,646,757 | 65,095,313 |
| Low-Interest Capital Projects Loans | | - | 1,645,000 |
| Agency Reimbursement Agreements | | - | 1,470,000 |
| Grant Revenue | | 248,005 | 3,058,601 |
| | | <hr/> | <hr/> |
| Total Revenue | | \$ 51,894,762 | \$ 71,268,914 |
| | | <hr/> | <hr/> |
| Expenses | | | |
| Operating Expenses | | 49,661,231 | 63,657,457 |
| Debt Service Principal (Balance Sheet Transaction) | | 1,362,831 | 1,608,901 |
| Capital Improvement Program | | | |
| Recycling | | 131,459 | 3,310,000 |
| Grants | | 160,000 | 2,898,601 |
| Grant Matching | | - | 134,315 |
| Building, Machinery & Equipment | | 15,000 | 25,000 |
| Capitalized Cost of Project Staff | | 65,000 | 175,000 |
| | | <hr/> | <hr/> |
| Total Expenses | | \$ 51,395,521 | \$ 71,809,274 |
| | | <hr/> | <hr/> |
| Excess / (Deficiency) of Revenue to Expense | | \$ 499,241 | \$ (540,360) |
| | | <hr/> | <hr/> |
| Summary of Net Position | | | |
| Ending Unrestricted Net Position | \$ 5,036,629 | \$ 10,805,870 | \$ 10,920,511 |
| Designated Unrestricted Net Position | | | |
| Designated for Grant Cash Flow | 500,000 | - | - |
| Designated for Election Costs | 750,000 | 750,000 | 95,000 |
| Designated for Legal Expenses | 1,000,000 | 530,000 | 530,000 |
| Designated for Emergencies | 1,000,000 | 1,000,000 | 1,000,000 |
| Designated for Capital | 4,300,000 | - | - |
| | <hr/> | <hr/> | <hr/> |
| Ending Unrestricted Net Position | \$ 12,586,629 | \$ 13,085,870 | \$ 12,545,511 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |



Central Basin
Municipal Water District

Fiscal Year 2016-17 Adopted Operating Budget

For several years this document has served as the centerpiece of the annual budgeting cycle. In it are captured a summary of all District operating revenue and operating expense. This schedule is brought together with grant-related data presented in the Fiscal Year 2016-17 Capital Improvement Projects and Grant Projects Budget to calculate net revenue and debt coverage ratios.

Each year, following adoption of the Operating Budget by the Board of Directors, this schedule is re-created at the line-item level in the District's General Ledger of accounts. From this place, Departments and project managers are able to exercise authority to collect and disburse as established by District policy and procedures.

The General Manager's Budget Message offers extensive discussion of the revenue and expense componentry that make up the operating budget.



Central Basin
Municipal Water District

Central Basin Municipal Water District

Adopted Operating Budget Fiscal Year 2016-17

| | FY 2015 | FY 2016 | | FY 2017 | Est 16 v. Proposed 17 | |
|---|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------|
| | <u>Audited</u> | <u>Adopted</u> | <u>Estimated</u> | <u>Adopted</u> | <u>\$</u> | <u>%</u> |
| | <u>Actual</u> | <u>Budget</u> | <u>Actual</u> | <u>Budget</u> | <u>Variance</u> | <u>Variance</u> |
| Revenues | | | | | | |
| Potable Imported Water | | | | | | |
| MWD Commodity | \$ 27,552,563 | \$ 27,961,601 | \$ 24,683,893 | \$ 28,798,350 | 4,114,457 | 17% |
| Late Payment Fee | 7,113 | - | 12,825 | 10,000 | (2,825) | -22% |
| Administrative Surcharge | 2,128,159 | 2,100,000 | 1,853,098 | 2,100,000 | 246,902 | 13% |
| Infrastructure Surcharge | 608,046 | 600,000 | 529,457 | 600,000 | 70,543 | 13% |
| MWD Passthrough - RTS | 1,480,460 | 1,860,000 | 1,851,408 | 1,359,021 | (492,387) | -27% |
| MWD Passthrough - Capacity | 859,974 | 700,000 | 856,929 | 1,400,850 | 543,921 | 63% |
| Replenishment Water | | | | | | |
| MWD Commodity | 10,425,571 | 8,730,000 | 11,524,647 | 19,790,136 | 8,265,489 | 72% |
| Administrative Surcharge | 1,646,595 | 1,050,000 | 1,374,451 | 2,170,000 | 795,549 | 58% |
| Surcharge - Long Beach Transfer | - | - | 21,675 | - | (21,675) | -100% |
| Water Meter Service Charge | 494,743 | 585,276 | 585,276 | 585,276 | 0 | 0% |
| Recycled Water | | | | | | |
| Recycled Water Sales | 2,825,256 | 2,838,936 | 2,656,381 | 2,599,030 | (57,351) | -2% |
| Local Resource Program (LRP) Rebate | 1,352,525 | 1,452,750 | 1,245,650 | 1,214,500 | (31,150) | -3% |
| Water Quality Protection Program (WQPP) | 642,840 | 788,200 | 695,175 | 695,175 | 0 | 0% |
| WQPP Balance Sheet Year-End Adjustment | - | - | 73,025 | 284,175 | 211,150 | 289% |
| Standby Charges | 3,268,837 | 3,268,840 | 3,266,917 | 3,267,000 | 83 | 0% |
| Standby Interest & Penalties | 40,122 | 20,000 | 19,475 | 20,000 | 525 | 3% |
| Investment Earnings | 149,121 | 124,000 | 155,000 | 160,000 | 5,000 | 3% |
| Unrealized Gain / (Loss) on Investments | (8,178) | - | - | - | 0 | #DIV/0! |
| Administrative Fee (WRD LRP) | 6,338 | 15,400 | 8,850 | 11,800 | 2,950 | 33% |
| 2012 SWRP Grant (Non-Operating Revenue) | - | - | 170,625 | - | (170,625) | -100% |
| Miscellaneous | 30,324 | 50,000 | 62,000 | 30,000 | (32,000) | -52% |
| Total Revenue | \$ 53,510,409 | \$ 52,145,003 | \$ 51,646,757 | \$ 65,095,313 | 13,448,556 | 26% |
| Expenses | | | | | | |
| Imported Water Costs | | | | | | |
| Full Service | \$ 27,490,163 | \$ 27,961,601 | \$ 24,683,893 | \$ 28,798,350 | 4,114,457 | 17% |
| MWD Passthrough - RTS | 1,866,013 | 1,860,000 | 1,392,869 | 1,359,021 | (33,848) | -2% |
| MWD Passthrough - Capacity | 780,120 | 700,000 | 845,586 | 1,400,850 | 555,264 | 66% |
| Local Resource Program (LRP) Rebate | 224,990 | 247,000 | 196,025 | 203,000 | 6,975 | 4% |
| Replenishment | 10,775,963 | 8,730,000 | 11,524,647 | 19,790,136 | 8,265,489 | 72% |
| District Administration | | | | | | |
| Department Administration | 550,774 | 722,622 | 697,622 | 663,708 | (33,914) | -5% |
| Board Services | 682,908 | 373,983 | 363,983 | 1,059,201 | 695,218 | 191% |
| Finance Department | | | | | | |
| Department Administration | 665,063 | 775,459 | 798,723 | 798,323 | (400) | 0% |
| Standby Charge Administration | 97,480 | 101,500 | 101,500 | 101,500 | 0 | 0% |
| Bond Administration 2008 B COPs | 565,258 | 545,705 | 535,705 | 530,471 | (5,234) | -1% |
| Bond Administration 2010 A COPs | 1,831,093 | 1,584,271 | 1,584,271 | 1,543,404 | (40,867) | -3% |
| Debt Refinancing Issuance Costs | 12,000 | 180,000 | 120,000 | - | (120,000) | -100% |
| Human Resources | 444,404 | 760,449 | 825,449 | 957,061 | 131,612 | 16% |
| External Affairs | | | | | | |
| Department Administration | 692,753 | 783,200 | 743,200 | 598,689 | (144,511) | -19% |
| Education | 119,319 | 158,000 | 153,000 | 182,650 | 29,650 | 19% |
| Government Relations | 45,846 | 81,560 | 122,560 | 140,980 | 18,420 | 15% |
| Communications, Outreach & Events | 100,881 | 155,750 | 135,750 | 129,800 | (5,950) | -4% |
| Conservation | 58,918 | 53,518 | 38,518 | - | (38,518) | -100% |
| Water Resources & Planning | | | | | | |
| Water Resources | 202,358 | 430,433 | 445,433 | 639,113 | 193,680 | 43% |
| Water Use Efficiency | - | - | - | 15,800 | 15,800 | #DIV/0! |
| Engineering & Recycled Water Operations | | | | | | |
| Department Administration | 7,515 | - | - | - | 0 | #DIV/0! |
| Engineering & Recycled Water Operations | 2,453,435 | 2,519,821 | 2,277,821 | 2,456,944 | 179,123 | 8% |
| Water Quality Protection Program (WQPP) | 642,841 | 788,200 | 768,200 | 979,350 | 211,150 | 27% |

Central Basin Municipal Water District

Adopted Operating Budget
Fiscal Year 2016-17

| | FY 2015 | FY 2016 | | FY 2017 | Est 16 v. Proposed 17 | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------|
| | Audited | Adopted | Estimated | Adopted | \$ | % |
| | Actual | Budget | Actual | Budget | Variance | Variance |
| Recycled Water Customer Development | 83,624 | 150,100 | 50,100 | 25,300 | (24,800) | -50% |
| Information Technology | | | | | | |
| Department Administration | 205,216 | 253,768 | 233,768 | 239,876 | 6,108 | 3% |
| IT & Building Services | 542,860 | 564,690 | 484,690 | 557,930 | 73,240 | 15% |
| Legal Services | 664,805 | 400,000 | 530,948 | 479,000 | (51,948) | -10% |
| Utilities - Electricity | (17,537) | (10,800) | (18,000) | (18,000) | 0 | 0% |
| Interest Expense | 24,970 | - | 24,970 | 25,000 | 30 | 0% |
| Total Expenses | \$ 51,814,033 | \$ 50,870,830 | \$ 49,661,231 | \$ 63,657,457 | 13,996,226 | 0.28183 |
| Excess/(Deficiency) of Revenue | \$ 1,696,376 | \$ 1,274,173 | \$ 1,985,526 | \$ 1,437,856 | (547,670) | -0.2758 |

Fiscal Year 2016-17 Net Revenue Analysis & Debt Coverage Ratios

Net Revenue Analysis -- This schedule results from the electronic linking of information displayed in the Operating and Capital Projects Budgets into a context specifically tailored to the requirements of credit rating agencies and our creditor bank. The formatting follows industry standards.

The net revenue calculation is created primarily through the isolation of revenue and expenses pertaining to District operations. Capital expenses are excluded. The result allows readers of financial information to interpret and analyze the dynamics of District operations.

Debt Coverage Ratios -- It is perhaps the primary financial objective of the District to consistently achieve annual net revenue in at least 115% greater ratio than our debt service payments. This statement is a working definition of the debt coverage ratio, and it is the covenant requirement the District agreed to when it issued the 2010 COPs.

The debt coverage ratio is used by credit rating agencies and our creditor bank to evaluate our performance.

Coverage ratios are calculated by dividing Net Revenue into Debt Service costs. From a creditor standpoint, the larger the District's coverage ratio the better; loftier ratios indicate that the District is earning substantially in excess of its debt obligations. It's similar to home mortgage financing. Moody's Credit Rating Agency has established a target of 150% coverage for the District. US Bank and our Installment Purchase Agreement stipulate a *minimum* 115% coverage target.

Accounting practices call for the removal of staffing costs and certain operational expenses from the General Ledger of Accounts at year end whenever these expenses qualify as having been dedicated to capital project work. The removed expenses are appropriately re-assigned to the cost center of each capital project in a process known as "capitalization." The challenge in budgetary planning is that capitalized costs are most often determined after the budget year is complete and auditing work commences. This means that year-ending coverage ratios can vary greatly from beginning budgetary estimates.

Measurements are useful insofar as they portion with reliability. In FY 2017, the District has enhanced its projections of debt coverage ratios through the use of capitalization estimations at the beginning of the year. This allows us to estimate ratios along a range of outcomes. We hold this to be leading edge creativity that will fortify the consistency of our financial planning.



Central Basin
Municipal Water District

Central Basin Municipal Water District
Fiscal Year 2016-17 Operating Budget -- Net Revenue Analysis & Debt Coverage Ratios

| | FY 2016 | | FY 2017 |
|--|-----------------------|---------------------------|-----------------------|
| | Budget | Estimated @6.30.16 | Projected |
| Operating Revenues | | | |
| Net Revenue from Potable Water Sales | \$ 2,700,000 | \$ 2,395,380 | \$ 2,710,000 |
| Net Revenue from Replenishment Water Sales | 1,050,000 | 1,396,126 | 2,170,000 |
| RTS Recovery | - | 458,539 | - |
| Capacity Charge | - | 11,343 | - |
| Recycled Water Sales | 2,854,336 | 2,665,231 | 2,610,830 |
| Water Service Charge | 585,276 | 585,276 | 585,276 |
| WQPP | 788,200 | 768,200 | 979,350 |
| MET LRP Rebate | 1,452,750 | 1,245,650 | 1,214,500 |
| Total CB Revenue | \$ 9,430,562 | \$ 9,525,745 | \$ 10,269,956 |
| Operating Expenses | | | |
| District Administration | \$ 1,096,605 | \$ 1,061,605 | \$ 1,067,909 |
| Expense from Election Reserve Designation | - | - | 655,000 |
| Finance / Standby Charge Administration | 876,959 | 900,223 | 899,823 |
| Debt Service | | | |
| 2008 COPs (Interest Only) | 545,705 | 535,705 | 530,471 |
| 2010 COPs (Interest Only) | 1,584,271 | 1,584,271 | 1,543,404 |
| Human Resources | 760,449 | 825,449 | 957,061 |
| External Affairs | 1,232,028 | 1,193,028 | 1,052,119 |
| Engineering & Recycled Water Operations | 2,659,121 | 2,309,921 | 2,464,244 |
| WQPP | 788,200 | 768,200 | 979,350 |
| Water Resources & Planning | 430,433 | 445,433 | 639,113 |
| IT & Building | 818,458 | 718,458 | 797,806 |
| Legal | 400,000 | 280,948 | 479,000 |
| Expense from Legal Reserve Designation | - | 250,000 | - |
| District LRP Rebate | 247,000 | 196,025 | 203,000 |
| Total CB Expenses | \$ 11,439,229 | \$ 11,069,266 | \$ 12,268,300 |
| Net Operating Revenue | \$ (2,008,667) | \$ (1,543,521) | \$ (1,998,344) |
| Non-Operating Revenue | | | |
| Standby Charge | 3,288,840 | 3,286,392 | 3,287,000 |
| Investment Earnings | 124,000 | 155,000 | 160,000 |
| Grant Revenue | 800,000 | 248,005 | 1,538,601 |
| Miscellaneous Income | 50,000 | 232,625 | 30,000 |
| Total Non-Operating Revenue | \$ 4,262,840 | \$ 3,922,022 | \$ 5,015,601 |
| Non-Operating Expenses | | | |
| Grant Expense | 800,000 | 160,000 | 1,378,601 |
| Debt Refinancing Issuance Costs | 180,000 | 120,000 | - |
| Total Non-Operating Expenses | \$ 980,000 | \$ 280,000 | \$ 1,378,601 |
| Net Non-Operating Revenue/(Expense) | \$ 3,282,840 | \$ 3,642,022 | \$ 3,637,000 |
| Unadjusted Net Revenue | \$ 1,274,173 | \$ 2,098,501 | \$ 1,638,656 |
| Net Revenue (Debt Service Interest Added) | \$ 3,404,149 | \$ 4,218,477 | \$ 3,712,531 |
| Principal Payments Made from Balance Sheet reducing Long-Term Debt on Balance Sheet | | | |
| 2008 COPs Principal | \$ 500,000 | \$ 500,000 | \$ 525,000 |
| 2010 COPs Principal | 820,000 | 820,000 | 1,040,000 |
| City of Vernon Credit | 42,831 | 42,831 | 43,901 |
| Total Principal Reduction | \$ 1,362,831 | \$ 1,362,831 | \$ 1,608,901 |

| | FY 2016 | | FY 2017 |
|--------------------------------------|---------------|--------------------|---------------|
| | Budget | Estimated @6.30.16 | Projected |
| Anticipated Sales (Acre Feet) | | | |
| Potable Sales | 35,000 | 26,473 | 30,000 |
| Replenishment Sales | 15,000 | 19,635 | 31,000 |
| Recycled Water Sales | 5,407 | 4,983 | 4,858 |
| Water Quality Protection Program | 2,534 | 2,781 | 2,781 |
| | <u>57,941</u> | <u>53,872</u> | <u>68,639</u> |
| Central Basin Surcharge | | | |
| Administration | \$ 70 | \$ 70 | \$ 70 |
| Infrastructure | \$ 20 | \$ 20 | \$ 20 |

Calculation of Debt Coverage Ratios

| | FY 2016 | | FY 2017 |
|--|---------------------|---------------------|---------------------|
| | Budget | Estimated @6.30.16 | Projected |
| Unadjusted Net Revenue | \$ 1,274,173 | \$ 2,098,501 | \$ 1,638,656 |
| Add Back Debt Service Interest Costs | 2,129,976 | 2,119,976 | 2,073,875 |
| Net Revenue | \$ 3,404,149 | \$ 4,218,477 | \$ 3,712,531 |
| Net Revenue Adjusted by Capitalization of Engineering and Project Costs | | | |
| Total Adjusted Net Revenue | \$ 3,404,149 | \$ 4,218,477 | \$ 3,712,531 |
| Estimated E&O Staffing Capitalization | 152,684 | 65,000 | 175,000 |
| Estimated E&O Operating Budget Capitalization | - | 198,000 | 2,000,000 |
| Net Revenue with Capitalized Costs | \$ 3,556,833 | \$ 4,481,477 | \$ 5,887,531 |
| Long Term Debt | | | |
| Principal Paid on 2008 COPS | \$ 500,000 | \$ 500,000 | \$ 525,000 |
| Interest Paid on 2008 COPS | 545,705 | 535,705 | 530,471 |
| Subtotal 2008 COPS | \$ 1,045,705 | \$ 1,035,705 | \$ 1,055,471 |
| Principal Paid on 2010 COPS | 820,000 | 820,000 | 1,040,000 |
| Interest Paid on 2010 COPS | 1,584,271 | 1,584,271 | 1,543,404 |
| Subtotal 2010 COPS | \$ 2,404,271 | \$ 2,404,271 | \$ 2,583,404 |
| Payment of Vernon Credit | \$ 42,831 | \$ 42,831 | \$ 43,901 |
| Total Debt Service | \$ 3,492,807 | \$ 3,482,807 | \$ 3,682,776 |

| Estimated Range of Debt Coverage Ratios | FY 2016 | | FY 2017 |
|--|---------|--------------------|-----------|
| | Budget | Estimated @6.30.16 | Projected |
| Adjusted Net Revenue | | | |
| Moody's Net Revenue Method (Target 1.50) | 97% | 121% | 101% |
| US Bank Debt Covenants Method (Target 1.15) | 134% | 157% | 131% |
| Adjusted Net Revenue Less Capitalized Costs | | | |
| Moody's Net Revenue Method (Target 1.50) | 102% | 129% | 160% |
| US Bank Debt Covenants Method (Target 1.15) | 139% | 165% | 191% |



Central Basin
Municipal Water District

Fiscal Year 2016-17 Adopted Capital Improvement Projects and Grant Projects

This document summarizes the first year of the District's Five-Year Capital Improvement Plan together with anticipated grant funding for recycled water expansion projects and water conservation activities.

Following adoption of the Capital Improvement Projects and Grant Projects Budget by the Board of Directors, this schedule is re-created at the line-item level in the District's Project Budgeting module in the General Ledger of accounts. From this place, project managers are able to exercise authority to collect and disburse as established by District policy and procedures.

Projects are discussed in detail within the General Manager's Budget Message.



Central Basin
Municipal Water District

Central Basin Municipal Water District
Adopted Capital Improvement Projects and Grant Projects
Fiscal Year 2016-17

| | FY 2015 | FY 2016 | | FY 2017 |
|--|---------------------------|---------------------------|-----------------------------|----------------------------|
| | Audited Actual | Adopted Budget | Estimated Actual | Proposed Budget |
| Project Revenues | | | | |
| Central Basin Reserve Appropriations | 40,000 | 2,675,684 | 81,459 | |
| 3-MG Water Storage Tank - Study & Design | - | - | - | 75,000 |
| Rio Hondo Pump Station Improvements | - | - | - | - |
| Prop 84 Gateway Cities Match | - | - | - | - |
| Prop 84 SEWEP Match | - | - | - | 134,315 |
| Small Customer Service Lateral Connections | - | - | - | 80,000 |
| On-Site Customer Retrofits | - | - | - | 40,000 |
| Machinery & Equipment | - | - | - | 25,000 |
| Low-Interest Infrastructure Loans | | | | |
| 3-MG Water Storage Tank - Study & Design | - | - | - | 200,000 |
| Montebello Recycled Water Expansion - Planning & Design | - | - | - | 945,000 |
| La Mirada Expansion - Design & Environmental | - | - | - | 500,000 |
| Agency Reimbursement | | | | |
| Monterey Park Recycled Water Expansion - Planning & Design | - | - | - | 1,470,000 |
| Allocated Costs | | | | |
| Capitalized Costs of Central Basin Project Staff | - | 152,684 | 65,000 | 175,000 |
| Grant Income | | | | |
| 3-MG Water Storage Tank - Study & Design | - | - | - | 75,000 |
| Prop 1 - Montebello Recycled Water Expansion - Planning & Design | - | - | - | 945,000 |
| Prop 1 - La Mirada Expansion - Design & Environmental | - | - | - | 500,000 |
| Prop 84 Gateway Cities Recycled Water Expansion | - | - | - | 494,300 |
| Prop 84 Southeast Water Efficiency Program | - | - | - | 235,301 |
| Prop 50 HELP Conservation Grant | - | - | 158,005 | - |
| Prop 50 2008 DWR - Department of Water Resources | 1,449,690 | 800,000 | 90,000 | 809,000 |
| Capital Contributions (Caltrans I-5) | 1,244,231 | - | - | - |
| DWR Linked to MET HET | 91,610 | - | - | - |
| Total Revenue | \$ 2,825,531 | \$ 3,628,368 | \$ 394,464 | \$ 6,702,916 |
| Project Expenses | | | | |
| Recycled Water Projects | | | | |
| 3-MG Water Storage Tank - Environmental & Design | - | - | - | 275,000 |
| Rio Hondo Pump Station Improvements | - | - | - | - |
| Montebello Recycled Water Expansion - Planning & Design | - | - | - | 945,000 |
| Monterey Park Recycled Water Expansion - Planning & Design | - | - | - | 1,470,000 |
| Small Customer Service Lateral Connections | - | - | - | 80,000 |
| On-Site Customer Retrofits | - | - | - | 40,000 |
| Recycled Distribution System | 40,000 | - | - | - |
| East LA Expansion - Planning, Reports & Revisions | - | 15,000 | - | - |
| East LA Expansion - Environmental & Design | - | 264,000 | - | - |
| La Mirada Expansion - Environ., Negative Dec | - | 78,000 | 39,000 | - |
| La Mirada Expansion - Design & Environmental | - | 20,000 | - | 500,000 |
| Lynwood - Environ., Negative Dec | - | 18,000 | - | - |
| Lynwood - Planning & Analysis | - | 5,000 | - | - |
| Montebello Hills - Design Consultant | - | 692,000 | - | - |
| Water Quality & Supply Projects | - | 400,000 | - | - |
| Pico Water Dx - Mines Ave Laterals | - | 4,000 | - | - |
| Recycled Water Customer Svc Connections | - | 200,000 | - | - |
| Recycled Water Storage Plan Analysis | - | 15,000 | - | - |
| Rio Hondo - Recycled Water Pump & Security | - | 762,000 | - | - |
| I-5 Relocation Reimbursement | - | - | 27,459 | - |
| Allocated Costs | | | | |
| Capitalized Costs of Central Basin Project Staff | - | 152,684 | 65,000 | 175,000 |
| Grant Award Projects | | | | |
| Prop 1 - 3-MG Water Storage Tank - Study & Design | - | - | - | 75,000 |
| Prop 1 - Montebello Recycled Water Expansion - Planning & Design | - | - | - | 945,000 |

Central Basin Municipal Water District
Adopted Capital Improvement Projects and Grant Projects
Fiscal Year 2016-17

| | FY 2015 | FY 2016 | | FY 2017 |
|---|----------------------------------|----------------------------------|------------------------------------|-----------------------------------|
| | <u>Audited Actual</u> | <u>Adopted Budget</u> | <u>Estimated Actual</u> | <u>Proposed Budget</u> |
| Prop 1 - La Mirada Expansion - Design & Environmental | | | | 500,000 |
| Prop 84 - Gateway Cities Recycled Water Expansion - Planning & Design | - | - | - | 494,300 |
| Prop 84 Southeast Water Efficiency Program | | | | 235,301 |
| MET Conservation | 105,270 | - | - | - |
| Prop 50 2008 DWR - Department of Water Resources | 1,483,029 | 800,000 | 160,000 | 649,000 |
| Caltrans (I-5) | 1,307,584 | - | - | - |
| DWR Linked to MET HET | 91,610 | - | - | - |
| <i>Grant Matching</i> | | | | |
| Prop 84 Gateway Cities Recycled Water Match- Planning & Design | - | - | - | - |
| Prop 84 Southeast Water Efficiency Program Match | - | - | - | 134,315 |
| <i>Building, Machinery & Equipment</i> | | | | |
| HQ Telephone System Upgrade | - | 25,000 | - | - |
| Hollydale Pump Station Security System | - | 10,000 | - | - |
| Machinery & Equipment | - | 15,000 | 15,000 | 25,000 |
| Total Expenses | \$ 3,027,493 | \$ 3,475,684 | \$ 306,459 | \$ 6,542,916 |
| Net Change | \$ (201,962) | \$ 152,684 | \$ 88,005 | \$ 160,000 |

Central Basin Departments

Central Basin was incorporated as a California Special District sixty-four years ago. The District operates to acquire, sell and conserve imported and other water that meets all required standards, and to furnish it to wholesale customers in a planned, timely and cost-effective manner that anticipates future needs. The District services as the official representative for its public at the Metropolitan Water District. It also provides leadership, support, advice and communication on water issues to the people and agencies within and without its boundaries, as appropriate.

The District meets its service delivery mandates through internal division by operating departments.

- Administration & Board Services
 - Finance Department
 - Human Resources Department
 - External Affairs Department
- Water Resources & Planning Department
- Engineering & Operations Department
- Information Technology Department



Central Basin
Municipal Water District

Central Basin functions under the direction of a publicly-elected, five-member Board of Directors. Each Director is elected from within a geographically-delineated portion of the District's total service area. The Board carries out the mission of the District through policy actions implemented at its public meetings and regional and industry leadership.

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graph TD; GM[GENERAL MANAGER] --- D1[DIRECTOR, DIVISION I]; GM --- D2[DIRECTOR, DIVISION II]; GM --- D3[DIRECTOR, DIVISION III]; GM --- D4[DIRECTOR, DIVISION IV]; GM --- D5[DIRECTOR, DIVISION V];
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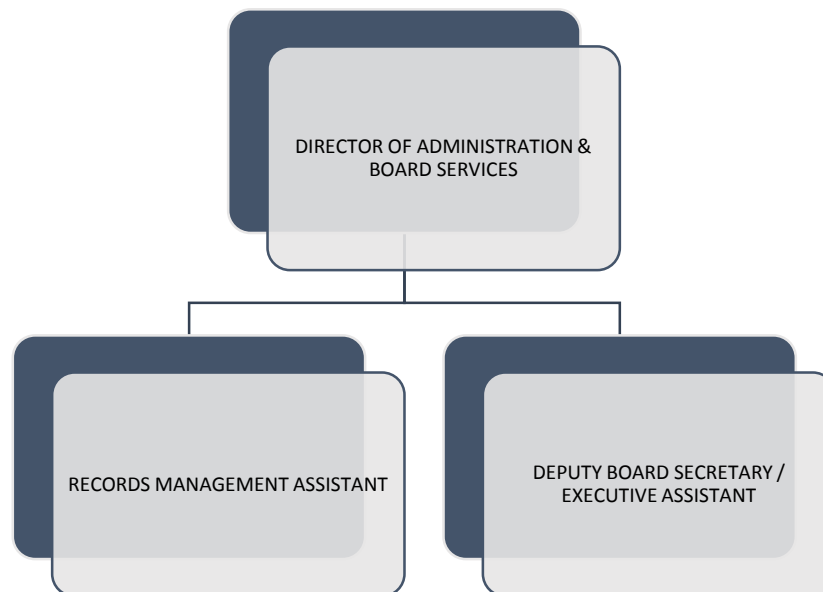
The diagram is an organizational chart. At the top level, there is a box labeled "GENERAL MANAGER". A horizontal line extends from this box, and five vertical lines descend from it to connect to five separate boxes arranged horizontally below. Each of these five boxes is labeled "DIRECTOR, DIVISION I", "DIRECTOR, DIVISION II", "DIRECTOR, DIVISION III", "DIRECTOR, DIVISION IV", and "DIRECTOR, DIVISION V" respectively from left to right.

| Operating Budget | | | | |
|------------------|---------------|---------------|---------------|---------------|
| | FY 2015 | FY 2016 | | FY 2017 |
| | Audited | Adopted | Estimated | Adopted |
| | <u>Actual</u> | <u>Budget</u> | <u>Actual</u> | <u>Budget</u> |
| General Counsel | | | | |
| Legal Services | 664,805 | 400,000 | 530,948 | 479,000 |
| General Counsel | 664,805 | 400,000 | 530,948 | 479,000 |
| | | | | |

The Department provides administrative assistance to the Board of Directors; District-wide logistical planning and support; communications guidance for complex and diverse relationships with other

elected officials, governmental agencies, business and community organizations, interest groups, the public; and a variety of critical support services.

| Approved Personnel - Full-Time Equivalent (FTE) | | |
|---|-------------|-------------|
| | 2015-16 | 2016-17 |
| General Manager | 1.00 | 1.00 |
| Director of Administration & Board Services | 1.00 | 1.00 |
| Deputy Board Secretary/Executive Assistant | 1.00 | 1.00 |
| Records Management Assistant | 1.00 | 1.00 |
| Total Full-Time | 4.00 | 4.00 |
| Total Part-Time | - | - |
| Total Department FTE | 4.00 | 4.00 |



Department Administration and Board Services are distinguished by separate operating budgets.

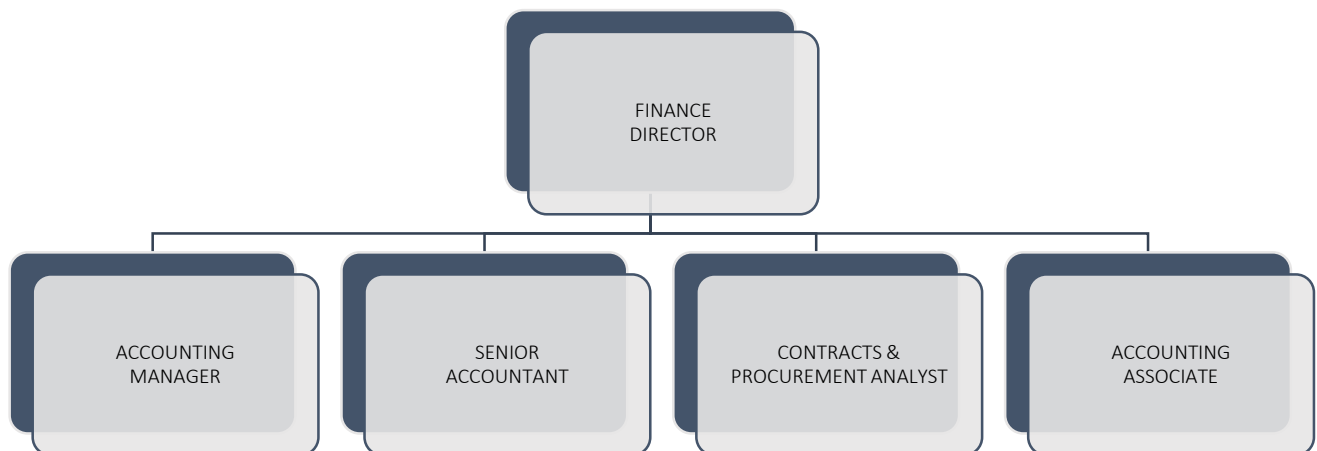
| Operating Budget | | | | |
|---------------------------|---------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | FY 2015 | FY 2016 | | FY 2017 |
| | <u>Audited</u> <u>Actual</u> | <u>Adopted</u> <u>Budget</u> | <u>Estimated</u> <u>Actual</u> | <u>Adopted</u> <u>Budget</u> |
| District Administration | | | | |
| Department Administration | 550,774 | 722,622 | 697,622 | 663,708 |
| Board Services | 682,908 | 373,983 | 363,983 | 1,059,201 |
| District Administration | 1,233,682 | 1,096,605 | 1,061,605 | 1,722,909 |

Finance Department

Under the leadership of the Finance Director, the Department is responsible for providing practical tools and policy-related support as a foundation for decision making designed to create and sustain the financial health of the District.

Duties include oversight of finance and accounting functions; administration of fiduciary responsibilities for the District's funds and assets; production of interim and annual financial reports; treasury management; capital financing; debt management; rating agency relations; financial planning and budget development; water rate setting and analysis; and procurement and contracts administration.

| Approved Personnel - Full-Time Equivalent (FTE) | | |
|---|-------------|-------------|
| | 2015-16 | 2016-17 |
| Finance Director | 1.00 | 1.00 |
| Accounting Manager | 1.00 | 1.00 |
| Senior Accountant | - | 1.00 |
| Accountant | 1.00 | - |
| Contracts & Procurement Analyst | 1.00 | 1.00 |
| Part-Time Positions: | | |
| Accounting Associate | - | 0.50 |
| Budget & Finance Intern | 0.46 | - |
| Total Full-Time | 4.00 | 4.00 |
| Total Part-Time | 0.46 | 0.50 |
| Total Department FTE | 4.46 | 4.50 |



Department Administration and contracted Standby Charge Administration are distinguished by separate operating budgets.

| Operating Budget | | | | |
|-------------------------------|---------------|---------------|---------------|---------------|
| | FY 2015 | FY 2016 | | FY 2017 |
| | Audited | Adopted | Estimated | Adopted |
| | <u>Actual</u> | <u>Budget</u> | <u>Actual</u> | <u>Budget</u> |
| Finance Department | | | | |
| Department Administration | 665,063 | 775,459 | 798,723 | 798,323 |
| Standby Charge Administration | 97,480 | 101,500 | 101,500 | 101,500 |
| Finance Department | 762,543 | 876,959 | 900,223 | 899,823 |

As discussed in detail elsewhere in the Budget, the District services debt pertaining to Certificates of Participation (COPs) issued in 2008 and 2010. The 2008 COPs are a variable-rate borrowing predicated on a letter of credit relationship with US Bank.

| Operating Budget | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|
| | FY 2015 | FY 2016 | | FY 2017 |
| | Audited | Adopted | Estimated | Adopted |
| | <u>Actual</u> | <u>Budget</u> | <u>Actual</u> | <u>Budget</u> |
| Debt Service | | | | |
| Bond Administration 2008 B COPs | 565,258 | 545,705 | 535,705 | 530,471 |
| Bond Administration 2010 A COPs | 1,831,093 | 1,584,271 | 1,584,271 | 1,543,404 |
| Debt Refinancing Costs | 12,000 | 180,000 | 120,000 | - |
| Debt Service | 2,408,351 | 2,309,976 | 2,239,976 | 2,073,875 |

Human Resources Department

Under the leadership of the Director of Human Resources, the Department ensures the effective selection, development, management and support of the District's employees and its systems of risk management.

Duties include District-wide strategic planning; organizing, managing and leading effective and efficient human resources systems; the implementation and maintenance of employment, training and performance management; administration of a complete system of compensation and benefits; employee relations, retiree relations, health and safety and other systems that meet legal and operational needs; and administration of risk management systems, inclusive of insurance administration and litigation management.

| Approved Personnel - Full-Time Equivalent (FTE) | | |
|---|-------------|-------------|
| | 2015-16 | 2016-17 |
| Director of Human Resources | 1.00 | 1.00 |
| Human Resources Analyst | 1.00 | 1.00 |
| Total Full-Time | 2.00 | 2.00 |
| Total Part-Time | - | - |
| Total Department FTE | 2.00 | 2.00 |



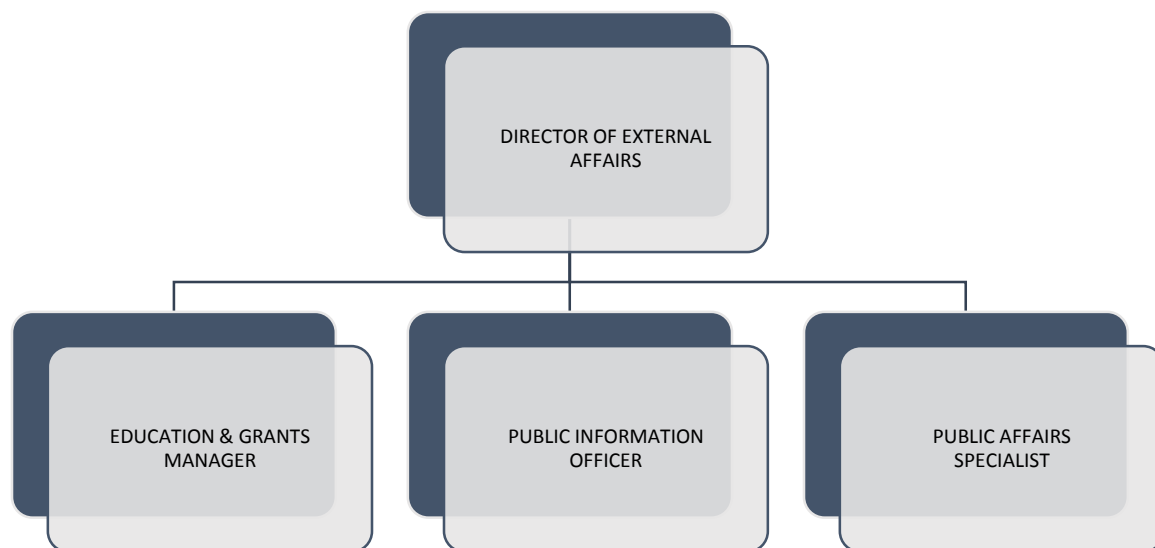
The Department budget evidences increase as the result of additional resources required for mandatory additional contribution to the District's retirement plan and concentration of insurance premiums in one cost center.

| Operating Budget | | | | |
|------------------|---------------|---------------|---------------|---------------|
| | FY 2015 | FY 2016 | | FY 2017 |
| | Audited | Adopted | Estimated | Adopted |
| | <u>Actual</u> | <u>Budget</u> | <u>Actual</u> | <u>Budget</u> |
| Human Resources | | | | |
| Human Resources | 444,404 | 760,449 | 825,449 | 957,061 |
| Human Resources | 444,404 | 760,449 | 825,449 | 957,061 |
| | | | | |

External Affairs Department

Under the leadership of the Director of External Affairs, the Department leads communications, government relations, stakeholder engagement and educational programs designed to keep the public informed and involved in District operations, programs and accomplishments. The Department develops and implements programs such as student education and outreach programs that promote public awareness on water supply, water distribution and the effective use of water. It also maintains relations with communities, cities, other governments and retailers through conservation measures and legislative tracking and research. In this last capacity, the Department works closely with the General Manager and the Board of Directors on public perception of the District and public acceptance of the District's policies.

| Approved Personnel - Full-Time Equivalent (FTE) | | |
|---|---------|---------|
| | 2015-16 | 2016-17 |
| Director of External Affairs | 1.00 | 1.00 |
| Education and Grants Manager | 1.00 | 1.00 |
| Conservation Manager | 1.00 | - |
| Public Information Officer | 1.00 | 1.00 |
| Public Affairs Specialist | - | 1.00 |
| Part-Time Positions: | | |
| Public Affairs Specialist | 0.75 | - |
| Public Affairs Intern | 0.15 | - |
| Total Full-Time | 4.00 | 4.00 |
| Total Part-Time | 0.90 | - |
| Total Department FTE | 4.90 | 4.00 |



The Department budget reflects the transition of conservation and grants management activities to the Water Resources & Planning Department in FY 2017. Consistent with evolving industry standards, conservation activities have been renamed Water Use Efficiency in the new cost center.

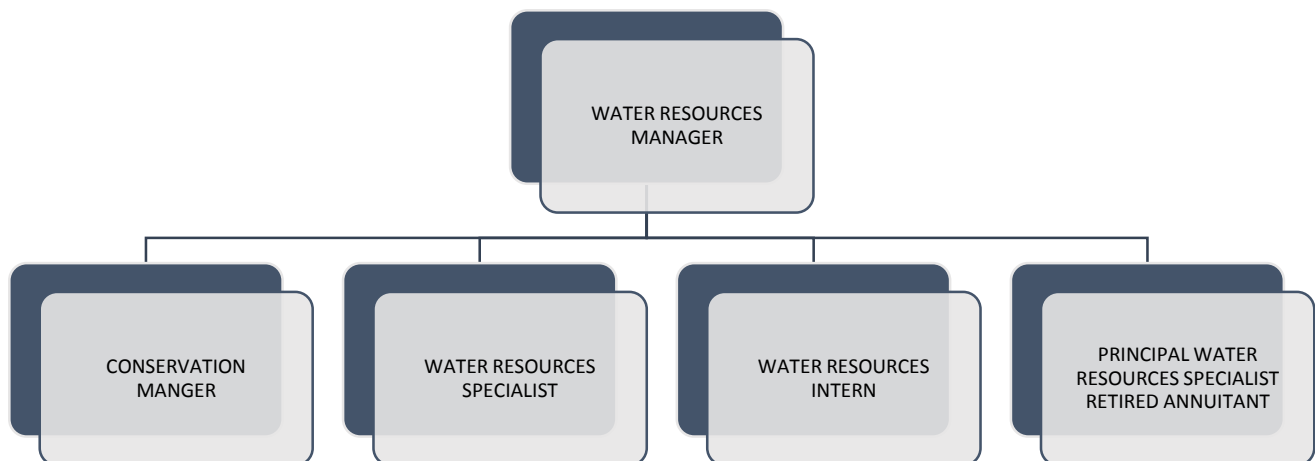
| Operating Budget | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|
| | FY 2015 | FY 2016 | | FY 2017 |
| | Audited | Adopted | Estimated | Adopted |
| | <u>Actual</u> | <u>Budget</u> | <u>Actual</u> | <u>Budget</u> |
| External Affairs | | | | |
| Department Administration | 692,753 | 783,200 | 743,200 | 598,689 |
| Education | 119,319 | 158,000 | 153,000 | 182,650 |
| Government Relations | 45,846 | 81,560 | 122,560 | 140,980 |
| Communications, Outreach & Events | 100,881 | 155,750 | 135,750 | 129,800 |
| Conservation | 58,918 | 53,518 | 38,518 | - |
| External Affairs | 1,017,717 | 1,232,028 | 1,193,028 | 1,052,119 |
| | | | | |

Water Resources & Planning Department

Under the leadership of the Water Resources Manager, the Department is responsible for providing water supply reliability through planning future water use, managing current demands, and implementation of conservation programs. The Department serves a critical business role by maintaining the integrity of the District and its responsibility to ensure reliable water resources. The development and implementation of water use efficiency grants and related programming is a new service dimension for the Department in FY 2017.

| Approved Personnel - Full-Time Equivalent (FTE) | | |
|---|-------------|-------------|
| | 2015-16 | 2016-17 |
| Water Resources Manager | 1.00 | 1.00 |
| Conservation Manager | - | 1.00 |
| Water Resources Specialist | 1.00 | 1.00 |
| Part-Time Positions: | | |
| Water Resources Intern | - | 0.35 |
| Principal Water Resources Specialist – <i>Retired Annuitant</i> | 0.15 | 0.42 |
| Total Full-Time | 2.00 | 3.00 |
| Total Part-Time | 0.15 | 0.77 |
| Total Department FTE | 2.15 | 3.77 |

WATER RESOURCES



Water Resources & Planning was formerly a component part of the Engineering & Recycled Water Operations Department, having been separately established in FY 2016 with a full allocation of program costs. The expansion of resources in FY 2017 reflects the inclusion of conservation and grants management activities formerly allocated to Engineering & Recycled Water Operations. Consistent with

evolving industry standards, the full range of conservation activities has been expanded and renamed Water Use Efficiency within the Department.

| Conservation Grants Budget | | | | |
|----------------------------|---------------|---------------|---------------|---------------|
| | FY 2015 | FY 2016 | | FY 2017 |
| | Audited | Adopted | Estimated | Adopted |
| | <u>Actual</u> | <u>Budget</u> | <u>Actual</u> | <u>Budget</u> |
| Conservation Grants | - | - | - | - |
| MWD Conservation | - | - | - | - |
| Prop 50 DWR | 1,483,029 | 800,000 | 160,000 | 649,000 |
| Prop 84 SEWEP | - | - | - | 235,301 |
| Prop 84 SEWEP Match | - | - | - | 134,315 |
| DWR Linked to MET HET | 91,610 | - | - | - |
| Conservation Grants | 1,574,639 | 800,000 | 160,000 | 1,018,616 |

| Operating Budget | | | | |
|----------------------------|---------------|---------------|---------------|---------------|
| | FY 2015 | FY 2016 | | FY 2017 |
| | Audited | Adopted | Estimated | Adopted |
| | <u>Actual</u> | <u>Budget</u> | <u>Actual</u> | <u>Budget</u> |
| Water Resources & Planning | | | | |
| Water Resources | 202,358 | 430,433 | 445,433 | 639,113 |
| Water Use Efficiency | - | - | - | 15,800 |
| Water Resources & Planning | 202,358 | 430,433 | 445,433 | 654,913 |

Engineering & Operations Department

Under the leadership of the Engineering & Operations Manager and the Chief Engineer, the Department is actively committed to exploit opportunities within the communities we serve to expand conservation programs and capital improvements. Plans for the expansion of the District's recycled water delivery infrastructure are of particular importance. The Department is responsible for maintaining and operating the District's facilities and researching and planning capital improvements.

The Central Basin Recycled Water Program annually delivers between 4,700 to 6,000 acre-feet of recycled water to more than 300 industrial, landscape and irrigation connections throughout southeast Los Angeles County. The program includes over 80 miles of purple pipeline and is comprised of two distribution systems and four pump stations. Increasing the number of recycled water connections with end users is a current priority.

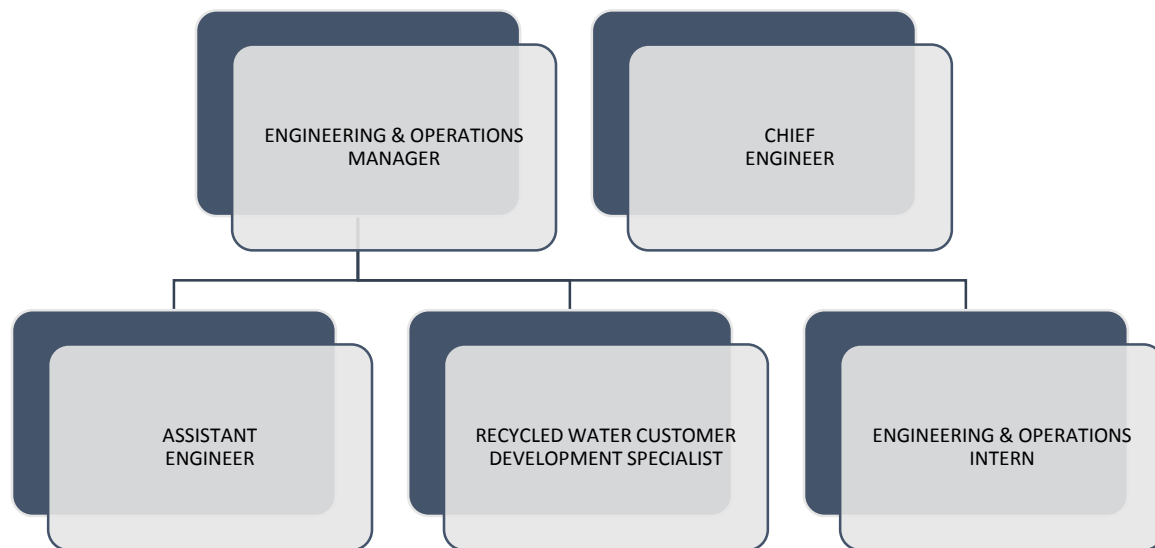
| Approved Personnel - Full-Time Equivalent (FTE) | | |
|--|-------------|-------------|
| | 2015-16 | 2016-17 |
| Engineering & Operations Manager | 1.00 | 1.00 |
| Chief Engineer | - | 1.00 |
| Special Projects Manager, Engineering & Operations | 1.00 | - |
| Assistant Engineer | 1.00 | 1.00 |
| Recycled Water Customer Development Specialist | 0.25 | 1.00 |
| Part-Time Positions: | | |
| Engineering & Operations Intern | 0.46 | 0.46 |
| Total Full-Time | 3.25 | 4.00 |
| Total Part-Time | 0.46 | 0.46 |
| Total Department FTE | 3.71 | 4.46 |

The Department published the District's first-ever Five-Year Capital Improvement Program in 2016, and is engaged in the development of several key capital construction projects in FY 2017. The illustration that follows depicts all District capital and grants projects. Some of the grants are conservation-related and pertain to the operation of the Water Resources & Planning Department.

| Capital Projects and Grants Budget | | | | |
|------------------------------------|---------------|---------------|---------------|---------------|
| | FY 2015 | FY 2016 | | FY 2017 |
| | Audited | Adopted | Estimated | Adopted |
| | <u>Actual</u> | <u>Budget</u> | <u>Actual</u> | <u>Budget</u> |
| CIP and Grants | | | | |
| Recycled Water Projects | 40,000 | 2,473,000 | 66,459 | 3,310,000 |
| Grant Projects | 2,987,493 | 800,000 | 160,000 | 2,898,601 |
| Grant Match | - | - | - | 134,315 |
| Building, Machinery & Equipment | - | 50,000 | 15,000 | 25,000 |
| CIP and Grants | 3,027,493 | 3,323,000 | 241,459 | 6,367,916 |

The Department's operating budget includes continuation of funding for the final stages of the Water Quality Protection Program (WQPP). This project concerns remediation of groundwater in the San Gabriel Basin that was contaminated with volatile organic chemicals many years ago. The WQPP is budget neutral to the District; each year, incurred costs are recovered in full by sales of treated water.

| Operating Budget | | | | |
|---|---------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | FY 2015 | FY 2016 | | FY 2017 |
| | <u>Audited</u> <u>Actual</u> | <u>Adopted</u> <u>Budget</u> | <u>Estimated</u> <u>Actual</u> | <u>Adopted</u> <u>Budget</u> |
| Engineering & Recycled Water Operations | | | | |
| Department Administration | 7,515 | - | - | - |
| Engineering & Recycled Water Operations | 2,453,435 | 2,519,821 | 2,277,821 | 2,456,944 |
| Water Quality Protection Program | 642,841 | 788,200 | 768,200 | 979,350 |
| Recycled Water Customer Development | 83,624 | 150,100 | 50,100 | 25,300 |
| Engineering & Recycled Water | 3,187,415 | 3,458,121 | 3,096,121 | 3,461,594 |

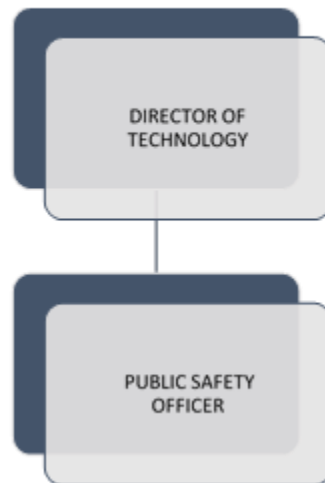


Information Technology Department

Under the leadership of the Director of Technology, the Department provides for the establishing, security and maintenance of technology services throughout the District and for building infrastructure and office space resources in support of District operations. The Director is part of senior management team, and works collaboratively with other departments to develop and maintain state-of-the-art information systems, SCADA, and communications technology. The Department is also responsible for development and monitoring of building and perimeter security services.

| Approved Personnel - Full-Time Equivalent (FTE) | | |
|---|-------------|-------------|
| | 2015-16 | 2016-17 |
| Director of Technology | 1.00 | 1.00 |
| Public Safety Officer | 1.00 | 1.00 |
| Total Full-Time | 2.00 | 2.00 |
| Total Part-Time | - | - |
| Total Department FTE | 2.00 | 2.00 |

INFORMATION TECHNOLOGY



| Operating Budget | | | | |
|---------------------------|--------------------------|--------------------------|----------------------------|--------------------------|
| | FY 2015 | FY 2016 | | FY 2017 |
| | Audited <u>Actual</u> | Adopted <u>Budget</u> | Estimated <u>Actual</u> | Adopted <u>Budget</u> |
| Information Technology | | | | |
| Department Administration | 205,216 | 253,768 | 233,768 | 239,876 |
| IT & Building Services | 542,860 | 564,690 | 484,690 | 557,930 |
| Information Technology | 748,076 | 818,458 | 718,458 | 797,806 |



Central Basin
Municipal Water District

Authorized Positions, Salary Ranges, Organization Chart

Authorized Positions of Employment -- Each year, the Board of Directors acts upon the General Manager's request for human resources. The positions listed in the Authorized Positions of Employment list are organized by Department and classification title and by full-time or part-time employment status. The General Manager exercises authority to expand or contract the hours of service for part-time employees during the year according to the availability of budget funding, but the Authorized Positions of Employment list establishes the permanent FTE weighting for the Fiscal Year.

The industry standard of measurement is the "full-time equivalent," or FTE. This means that a full-time employee, one compensated for a 40-hour workweek or 2,080 compensable hours per year, corresponds to a FTE count of 1.00. FTE derivation for part-time positions corresponds to the ratio of hours worked in a year against the 2,080-hour standard. As an example, a part-time employee working 20-hour week, will work 1,040 hours in a year (20 hours X 52 weeks = 1,040). Thus, 1,040 divided by 2,080 renders a FTE of .50.

See the General Manager's Budget Message for a discussion of the changes in authorized positions for FY 2017.

Salary Ranges for Exempt and Non-Exempt Employees – FY 2017 salary ranges remain unchanged from FY 2016. A change to the schedule versus the prior year is found in the inclusion of new Accounting Associate and Recycled Water Development Specialist classifications. Also changed from the prior year is the elimination of Accountant in favor of Senior Accountant, and the elimination of Special Projects Manager, E&O in favor of Chief Engineer.

Salaries paid to government employees became a matter of widespread taxpayer frustration after the sleazy details of the City of Bell scandal in 2010 became public knowledge. A simple public records request from the Los Angeles Times started an investigatory process that uncovered a deep-rooted conspiracy between an unethical city administration and an unethical city council to illegally and exponentially inflate wages. The wrongdoers were eventually punished with incarceration and restitution requirements.

In response to the Bell scandal, the California State Controller's Office obligated all California government agencies to annually report pay information for public disclosure. Their "Government Compensation in California" database includes precise pay information for public employee positions in cities, counties, special districts, state agencies, Superior Courts, First 5 Commissions, Fairs and Expositions, K-12 education providers, University of California, California State University, California Community Colleges, as well as legislators and state elected officials. The Compensation report that includes Central Basin data can be found at <http://publicpay.ca.gov/>

Organization Chart – The organization chart includes positions adopted as Authorized Positions in FY 2017.



Central Basin
Municipal Water District

Authorized Positions of Employment

(1.00 FTE = 2,080 Compensable Hours)

| | 2015-16 | 2016-17 |
|---|---------|---------|
| Board & Administrative Services | | |
| General Manager | 1.00 | 1.00 |
| Director of Administration & Board Services | 1.00 | 1.00 |
| Deputy Board Secretary/Executive Assistant | 1.00 | 1.00 |
| Records Management Assistant | 1.00 | 1.00 |
| Total Full-Time | 4.00 | 4.00 |
| Total Part-Time | - | - |
| Total Department FTE | 4.00 | 4.00 |
| Engineering & Operations | | |
| Engineering & Operations Manager | 1.00 | 1.00 |
| Chief Engineer | - | 1.00 |
| Special Projects Manager, Engineering & Operations | 1.00 | - |
| Assistant Engineer | 1.00 | 1.00 |
| Recycled Water Customer Development Specialist | 0.25 | 1.00 |
| Part-Time Positions: | | |
| Engineering & Operations Intern | 0.46 | 0.46 |
| Total Full-Time | 3.25 | 4.00 |
| Total Part-Time | 0.46 | 0.46 |
| Total Department FTE | 3.71 | 4.46 |
| Water Resources | | |
| Water Resources Manager | 1.00 | 1.00 |
| Conservation Manager | - | 1.00 |
| Water Resources Specialist | 1.00 | 1.00 |
| Part-Time Positions: | | |
| Water Resources Intern | - | 0.35 |
| Principal Water Resources Specialist – <i>Retired Annuitant</i> | 0.15 | 0.42 |
| Total Full-Time | 2.00 | 3.00 |
| Total Part-Time | 0.15 | 0.77 |
| Total Department FTE | 2.15 | 3.77 |
| Finance Department | | |
| Finance Director | 1.00 | 1.00 |
| Accounting Manager | 1.00 | 1.00 |
| Senior Accountant | - | 1.00 |
| Accountant | 1.00 | - |
| Contracts & Procurement Analyst | 1.00 | 1.00 |
| Part-Time Positions: | | |
| Accounting Associate | - | 0.50 |

Authorized Positions of Employment

(1.00 FTE = 2,080 Compensable Hours)

| | <u>2015-16</u> | <u>2016-17</u> |
|-------------------------------|----------------|----------------|
| Budget & Finance Intern | 0.46 | - |
| Total Full-Time | 4.00 | 4.00 |
| Total Part-Time | 0.46 | 0.50 |
| Total Department FTE | 4.46 | 4.50 |
| Human Resources | | |
| Director of Human Resources | 1.00 | 1.00 |
| Human Resources Analyst | 1.00 | 1.00 |
| Total Full-Time | 2.00 | 2.00 |
| Total Part-Time | - | - |
| Total Department FTE | 2.00 | 2.00 |
| Information Technology | | |
| Director of Technology | 1.00 | 1.00 |
| Public Safety Officer | 1.00 | 1.00 |
| Total Full-Time | 2.00 | 2.00 |
| Total Part-Time | - | - |
| Total Department FTE | 2.00 | 2.00 |
| External Affairs | | |
| Director of External Affairs | 1.00 | 1.00 |
| Education and Grants Manager | 1.00 | 1.00 |
| Conservation Manager | 1.00 | - |
| Public Information Officer | 1.00 | 1.00 |
| Public Affairs Specialist | - | 1.00 |
| Part-Time Positions: | | |
| Public Affairs Specialist | 0.75 | - |
| Public Affairs Intern | 0.15 | - |
| Total Full-Time | 4.00 | 4.00 |
| Total Part-Time | 0.90 | - |
| Total Department FTE | 4.90 | 4.00 |

| | | |
|--|-------|-------|
| Districtwide Authorized Positions | | |
| Grand Total Full-Time | 21.25 | 23.00 |
| Grand Total Part-Time | 1.97 | 1.73 |
| Grand Total FTE | 23.22 | 24.73 |

Central Basin Municipal Water District
Salary Ranges for Exempt & Non-Exempt Employees
For FY 2016-2017

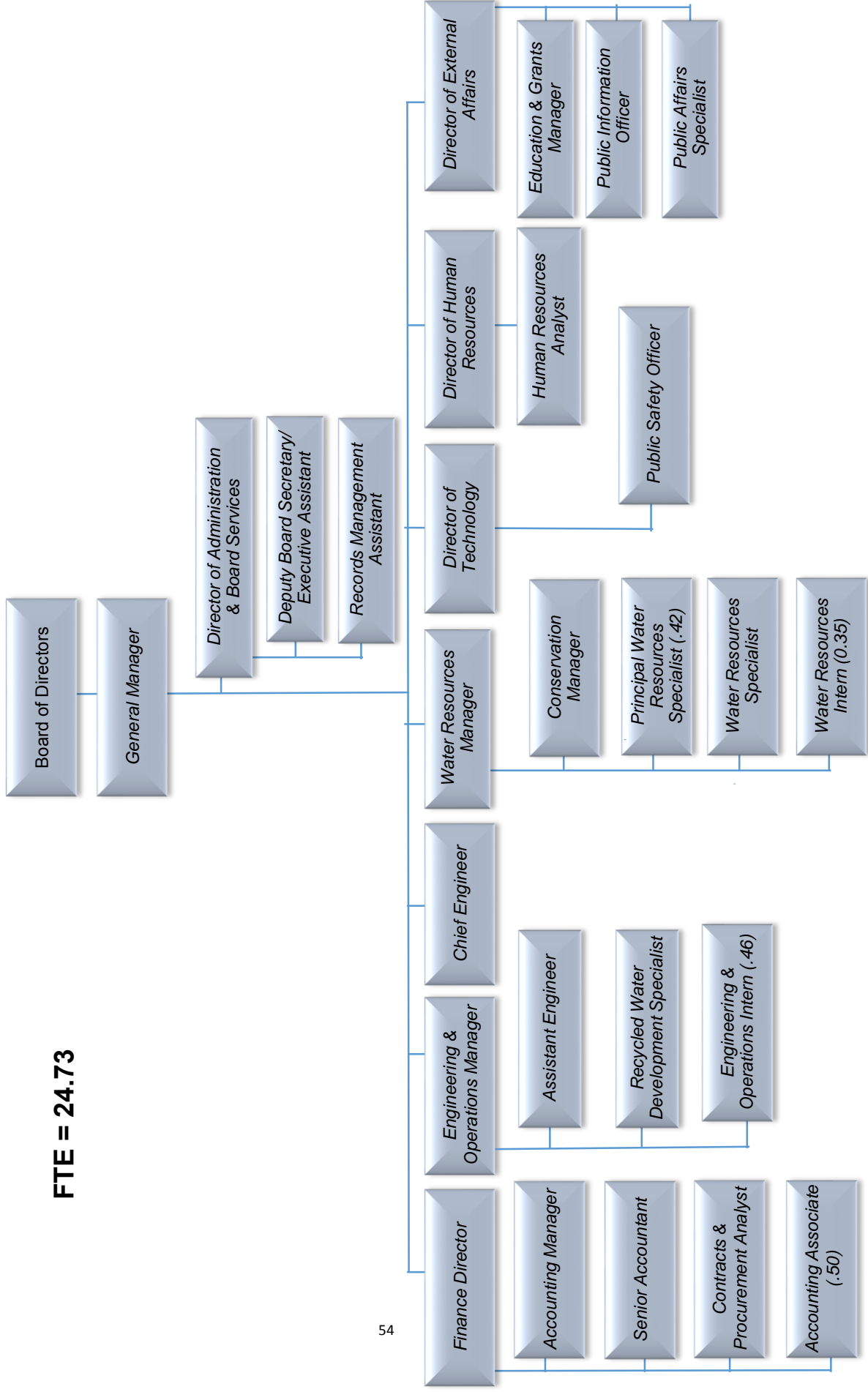
Effective July 1, 2016

| Ranges | Classification | FLSA Status | Period | Minimum | Midpoint | Maximum |
|--------|--|-----------------------|----------|------------|------------|------------|
| 4 | Public Safety Officer | Non-exempt | Annually | 33,202.40 | 41,503.00 | 49,803.60 |
| 5 | Records Management Assistant | Non-exempt | Annually | 37,378.40 | 46,723.00 | 56,067.60 |
| 7 | Accounting Associate Water Resources Specialist Public Affairs Specialist Recycled Water Development Specialist | Non-exempt | Annually | 45,731.20 | 57,164.00 | 68,596.80 |
| 9 | Senior Accountant Assistant Engineer Contract & Procurement Analyst Deputy Board Secretary / Executive Assistant Human Resources Analyst | Exempt/ Non-Exempt | Annually | 54,083.20 | 67,604.00 | 81,124.80 |
| 10 | Public Information Officer | Exempt | Annually | 58,259.20 | 72,824.00 | 87,388.80 |
| 14 | Conservation Manager | Exempt | Annually | 74,964.00 | 93,705.00 | 112,446.00 |
| 15 | Accounting Manager Director of Human Resources Director of External Affairs Director of Technology | Exempt/ Non-Exempt | Annually | 79,140.00 | 98,925.00 | 118,710.00 |
| 16 | Education & Grants Manager Water Resources Manager | Exempt | Annually | 83,316.00 | 104,145.00 | 124,974.00 |
| 19 | Director of Administration & Board Services | Exempt | Annually | 95,844.00 | 119,805.00 | 143,766.00 |
| 22 | Chief Engineer Engineering & Operations Manager Finance Director | Exempt | Annually | 108,372.00 | 135,465.00 | 162,558.00 |

| | | FLSA Status | Period | Minimum | Midpoint | Maximum |
|--|--|-------------|--------|---------|----------|---------|
| | Intern | Non-Exempt | Hourly | 12.00 | | 15.00 |
| | Principal Water Resources Specialist – Retired Annuitant | Non-Exempt | Hourly | 100.00 | | |

| | | FLSA Status | Period | Minimum | Midpoint | Maximum |
|----------|-----------------|-------------|----------|------------|----------|---------|
| Contract | General Manager | Exempt | Annually | 220,000.00 | | |

FY 2017 Organization Chart



Fiscal Year 2016-17 Water Rates & Charges

As discussed in the General Manager's Budget Message, the FY 2017 Operating Budget was prepared without increase in the District's surcharges on the transfer of potable and replenishment water. However, the Water Rates and Charges schedule does include increase in the commodity prices assessed by MWD. Central Basin passes through these amounts, retaining nothing of the MWD increase as Central Basin revenue.

Resolution number 05-16-900, together with its exhibits, was adopted by the Board of Directors on May 23, 2016.



Central Basin
Municipal Water District

RESOLUTION NO. 05-16-900

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
CENTRAL BASIN MUNICIPAL WATER DISTRICT RELATING TO WATER RATES
AND CHARGES FOR CALENDAR YEAR COMMENCING JULY 1, 2016 FOR TIER 1
AND TIER 2 WATER PURCHASE ALLOWANCES AND CONTINUING EACH
CALENDAR THEREAFTER, AND REPEALING
RESOLUTION NO. 06-15-867**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF CENTRAL BASIN
MUNICIPAL WATER DISTRICT** as follows:

1. Purpose.

The District purchases water from the Metropolitan Water District of Southern California ("MWD"). The District's rates, fees and charges reflect the fees paid to MWD for water use more commonly known as "Tier 1" and "Tier 2" level rates. The purpose of this Resolution is to re-establish rates and purchase limits previously set for customers for direct consumptive use and not for replenishment, storage or other uses.

2. Findings.

The Board of Directors finds:

(a) The rates, fees and charges set forth herein will offset the amounts paid by the District for water, the cost of operations and maintenance expenses, and an amount necessary for reasonable reserves.

(b) The revenue produced by the rates, fees and charges set forth herein will be used to provide service to existing customers. Any environmental review requirements by virtue of 14 California Code of Regulations, Section 15273 have been satisfied.

3. General.

The District delivers potable and recycled water for direct and indirect use. Customers shall pay the following rates, fees and charges as set forth below and to the

limits as authorized in the "Annual Tier 1 Water Purchase Budgets" as set forth in Attachment 1 attached herewith to this Resolution. These budgets represent a baseline of imported Direct Water Use demand based on the annual average of actual water purchased in Fiscal Years 2011-2015 for all customers paying a meter service charge in 2015.

Customers shall use water delivered by the District only for reasonable and beneficial purposes. Customers may request an amendment to the amount of water allocated under their Annual Tier 1 Water Budget as set forth in Attachment 1 to this Resolution "Annual Tier 1 Water Purchase Budgets".

4. Definitions.

The following terms are defined for the purposes of this resolution:

Customer means a person, firm, or agency that purchases water from the District.

Direct use means the use of water, other than groundwater, for reasonable and beneficial uses.

District means Central Basin Municipal Water District.

Indirect use means the use of water to replenish a groundwater basin through the methods of in-lieu, spreading, or injection.

Metropolitan or MWD means The Metropolitan Water District of Southern California.

Tier 1 means water purchased at the total Tier 1 rate as determined by MWD and charged to the District. This is a per acre-foot (AF) charge for imported water through the MWD water delivery system and includes all rate elements such as the Tier 1 Supply Rate and Power Rate but does not include the readiness to server (RTS) fees. The Tier 1 rate is the primary and least expensive rate for MWD imported water and is charged on all water purchased by the District up to the Tier 1 Allotment.

Tier 2 means water purchased at the total Tier 2 rate as determined by MWD and charged to the District. This is a per AF charge for imported water through the MWD water

delivery system and includes all rate elements such as the Tier 2 Supply Rate and Power Rate but does not include the readiness to serve (RTS) fees. The Tier 2 rate is the secondary and more expensive rate for MWD imported water and is charged on all water purchased by the District in excess of the Tier 1 Allotment.

Tier 1 Allotment means the total amount of imported water that can be purchased by the District from MWD at the Tier 1 Rate. This allotment is set by MWD based on policies approved by the MWD Board of Directors and is calculated using historical levels of water purchases by the District. The allotment applies to any imported water purchased by the District on a calendar year basis from MWD using the MWD water delivery system to the District's water meter connections with MWD. MWD has assigned the District a Tier 1 Allotment of 71,770 AF annually for the period January 1, 2015 to December 31, 2024.

Tier 1 Allotment Reserve means the total amount of the Tier 1 Allotment not purposed for Direct Use by District Customers as specified in the "Annual Tier 1 Water Purchase Budgets" as set forth in Exhibit "A" attached herewith to this Resolution. This remaining portion of the Tier 1 Allotment not allocated for Direct Use is held in reserve for purposes of selling Tier 1 water for Replenishment, Storage, or other uses. The allotment reserve is set at 35,930 AF annually for the period January 1, 2015 to December 31, 2024 and may be amended for time to time by the District's Board of Directors.

Tier 1 Budget means the amount of water a District customer may purchase on a calendar year basis at the Tier 1 rate notwithstanding any applicable surcharges levied by the District. This budgeted amount in AF per customer is set forth in Attachment 1 to this Resolution ("Annual Tier 1 Water Purchase Budgets").

Tier 2 Premium means the difference in price between the Tier 1 Supply rate and the Tier 2 Supply rate as determined and assessed by MWD to the District. The Tier 2 Premium is \$134 per AF for the 2016 calendar year and \$94 per AF beginning January 1 2017 thru June 30, 2017.

Recycled water means water not meeting the criteria established by the California Department of Health Services for domestic use and derived by treatment in a water reclamation plant.

Replenishment Service means the delivery of treated or untreated water by MWD through the methods of in-lieu, spreading, or injection in order to replenish the groundwater basin.

Treated water means water treated by filtration, disinfection and other processes at a MET treatment facility.

Untreated water means water from MWD that did not undergo the filtration, disinfection and other processes at its treatment facility.

Wheeling charge means cost of moving water from sources other than MWD but using the MWD distribution system.

5. Direct Use Potable and Method of Calculating Tier 1 and Tier 2 Water Rates

(a) The amount of Tier 1 and Tier 2 water the District can deliver for direct use and the price is a function of the terms under which MWD delivers water to the District.

(b) A customer may request the District to adjust the customer's Tier 1 Budget each year. The request shall be filed with the General Manager of the District at least 90 days before the end of the calendar year. The District shall act on such requests at least 30 days before the end of the calendar year. The District shall reassign base Tier 1 Budgets to the maximum extent feasible in the District's sole and exclusive determination in order to meet the District's financial goals and ensure adequate supply to its customers. The General Manager shall have authority to grant such requests and reassign Tier 1 Budget amounts between customers should the General Manager determine in his absolute discretion that the reduction of other customer(s) Tier 1 Budgets to meet such requests would be in amounts that would otherwise be unused. Any requests for additional Tier 1 Budget from this annual process that would reduce the Tier 1 Allotment Reserve overall shall be brought before the Board for review and approval prior to General Manager granting any such requests.

However, the General Manager shall have sole discretion to increase a customer's Tier 1 Budget and thereby reduce the available Tier 1 Allotment Reserve for a customer's unanticipated and non-recurring water demands such as in the event of an emergency like a customer's groundwater pump failure. Such an increase is limited to the calendar year the customer made the request in and cannot cause the District to exceed its Tier 1 Allotment in total for that year.

(c) For direct delivery of treated potable water up to a customer's Tier 1 Budget, a customer shall pay \$1,032 per AF effective July 1, 2016 and \$1,069 effective January 1, 2017 through June 30, 2017.

(d) For direct delivery of untreated potable water up to a customer's Tier 1 Budget, a customer shall pay \$684 per AF effective July 1, 2016 and \$756 effective January 1st 2017 through June 30, 2017.

(e) A customer will pay \$5,625 per cubic-foot per second effective January 1, 2016 and \$3,915 per cubic-foot effective January 1, 2017 through June 30, 2017 of MWD system capacity based on the highest average day flow between May 1 and September 30 out of calendar years 2013, 2014, & 2015.

(f) For direct delivery of treated or untreated water in excess of a customer's Tier 1 Budget the customer shall pay the prorated share of Tier 2 Premium costs to the District, as assessed to the District by MWD on a calendar year basis. The prorated Tier 2 Premium costs are based upon the customer's proportional share among all Direct Use customers of water purchased in excess of the customer's Tier 1 Budget in a calendar year.

(g) The following is an example of the proposed methodology:

- Central Basin MWD buys 72,770 AF from MWD in 2015 (1,000 AF over Tier 1 Allowance)
- Total amount of imported water direct consumption from customers over their Tier 1 Budget = 4,000 AF
 - Customer #1 – 3,000 AF (75% of total)
 - Customer #2 – 1,000 AF (25% of total)
- Central Basin is charged \$132,000 in Tier 2 premium costs from MWD
 - \$132 Tier 2 premium x 1,000 AF over Tier 1 Allowance

- Customer #1 is charged \$99,000 (\$132,000 x 75%)
- Customer #2 is charged \$33,000 (\$132,000 x 25%)

(h) All of the rates set forth in this section 5, shall be reviewed no less than annually, and if necessary, adjusted effective July 1 of each year by Board action via resolution at a public, duly noticed meeting.

6. Recycled Water

(a) The customer shall pay for recycled water delivered by the District in its service area as follows:

| <u>MONTHLY VOLUME</u> | <u>RATE</u> |
|---|-------------|
| <i>July 1, 2016 through June 30, 2017</i> | |
| First 50 AF of metered usage | \$556/AF |
| Additional AF of metered usage | \$507/AF |

(b) The Malburg Generating Station shall pay for recycled water delivered by the District as follows:

| <u>MONTHLY VOLUME</u> | <u>RATE</u> |
|---|-------------|
| <i>July 1, 2016 through June 30, 2017</i> | |
| First 25 AF of metered usage | \$426/AF |
| Next 25 AF of metered usage | \$397/AF |
| Next 50 AF of metered usage | \$366/AF |
| Additional AF of metered usage | \$338/AF |

(c) The District may serve recycled water outside of its service area pursuant to a contract at the following rates:

| <u>MONTHLY VOLUME</u> | <u>RATE</u> |
|---|-------------|
| <i>July 1, 2016 through June 30, 2017</i> | |
| First 50 AF of metered usage | \$579/AF |
| Additional AF of metered usage | \$528/AF |

7. Indirect Use: Potable.

(a) The District may obtain water for indirect uses such as groundwater replenishment from MET and from other sources.

(b) For treated and untreated water obtained from other sources, customers shall pay a price per AF that includes all water acquisition charges, treatment charges (if needed), and wheeling charges plus an administrative surcharge that is equal to the District's administrative surcharge or 10% of total costs, whichever is greater.

8. Monthly Water Service Charge.

Effective July 1, 2016 through June 30, 2017, a monthly water service charge of \$69.00 per cubic-foot per second of meter capacity shall be assessed for each service connection capable of delivering imported water regardless of the amount of water delivered.

9. Readiness to Serve Charge.

Effective July 1, 2016 through June 30, 2017, each retail agency will be assessed a fixed monthly Readiness-To-Serve charge to cover MWD readiness charges for Fiscal Year 2016-17. The MWD Readiness-To-Serve charge is a pass-through charge from MWD used to recover the cost of the portion of system capacity that is on standby to provide emergency service and operational flexibility. The readiness-to-serve charge finances MWD infrastructure projects and is allocated by MWD among their member agencies based upon 10-fiscal year rolling average of firm sales.

For Central Basin, each retail agency will pay a percentage of the RTS charge based on total direct use potable water purchases over the previous four years. The District determines this percentage rate based on companies total purchases of direct use potable water over the previous four (4) years compared to the District's total direct use potable water purchases from MET over the same period. Attachment 2 to this Resolution shows each retail agencies percentage of the RTS charge based on this methodology.

10. Payments.

(a) The District shall bill each customer for water delivered during the prior month. All water shall be billed at the applicable rate. Bills shall be due when issued and shall be delinquent if payment is not received by the District by close of business on the 9th day of the month following the date of billing.

(b) If water is sold for indirect use, but the water is used for a different purpose, the customer shall pay upon demand the difference between the rates prescribed for the true use and the rates paid.

(c) A customer's prorated Tier 2 Premium charge, as calculated in the manner set for in Section 5(g), shall be billed annually within 60 days of the District being invoiced for Tier 2 water charges by MWD.

11. Delinquencies.

If a customer is delinquent in payment for water delivered by the District, an additional charge equal to 2% of such delinquency shall be assessed for each month or portion thereof that the payment remains delinquent.

12. Water Conservation:

(a) A customer may obtain replenishment service using replenishment, treated potable or untreated potable water from MET as approved by the General Manager of the District. District customers shall comply with terms and conditions established by MET for replenishment service. Water from any source shall not be delivered for replenishment unless the General Manager determines delivery will benefit the District.

(b) The use of imported water when the use of recycled water is feasible, is a waste and unreasonable use of imported water. If the District makes recycled water available to a customer, but the customer does not use recycled water, the District, upon General Manager's determination, may impose a surcharge on water deliveries of up to 50% of the billing. The proceeds of the surcharge shall be used for any of the following purposes:

(1) Designing and constructing additional facilities within the customer's boundaries or at other locations for the distribution of recycled water;

(2) Designing and constructing plumbing system modifications on retail services within customer's boundaries or at other locations as necessary to distribute recycled water; and

(3) Repayment of prior construction costs for systems to deliver recycled water to the customer or others.

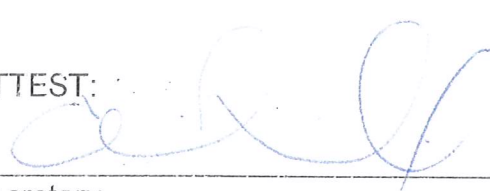
13. Rates, fees, charges, base allocations and available water supply for Fiscal Year beginning July 1, 2016 shall be subject to all the provisions of the Central Basin Water Supply Allocation Policy.

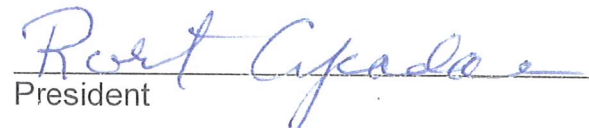
14. **Other.**

This Resolution is effective for water delivered on or after July 1, 2016 and repeals Resolution No. 06-15-687.

PASSED, APPROVED AND ADOPTED on May 23, 2016

ATTEST:


Secretary


President

(SEAL)

Y:\centralbasinboard\cbresos\cb900

Central Basin Municipal Water District
ANNUAL TIER 1 WATER PURCHASE BUDGETS

Fiscal Year Water Purchases from Central Basin (AF)

| | 2011 | 2012 | 2013 | 2014 | 2015 | Proposed Annual Tier 1 PO Allowance * |
|---|---------------|---------------|---------------|---------------|---------------|--|
| City of Bell Gardens | 264 | 228 | 238 | 260 | 243 | 250 |
| Bellflower-Somerset Mutual Water Company | 1,529 | 1,559 | 21 | 6 | 1 | 630 |
| California Water Service Company | 10,697 | 10,593 | 11,015 | 11,320 | 7,924 | 10,310 |
| City of Cerritos | 460 | 323 | 278 | 353 | 652 | 420 |
| City of Downey | - | - | - | - | - | - |
| City of Huntington Park | 1,683 | 1,698 | 1,120 | 1,238 | 1,232 | 1,400 |
| La Habra Heights Water District | 40 | 14 | 45 | 134 | 283 | 110 |
| City of Lakewood | - | - | - | - | - | - |
| City of Lynwood | 45 | 10 | 759 | 351 | 15 | 240 |
| Maywood Mutual Water Co. # 1 | 91 | 145 | 46 | 85 | 105 | 100 |
| Maywood Mutual Water Co. # 2 | 9 | 11 | 0 | - | - | 10 |
| Maywood Mutual Water Co. # 3 | - | - | 0 | - | - | 10 |
| City of Montebello | 1,034 | 1,106 | 1,182 | 1,337 | 1,163 | 1,170 |
| City of Norwalk | 792 | 729 | 318 | 278 | 271 | 480 |
| Orchard Dale Water District | 1 | 0 | - | 8 | - | 10 |
| City of Paramount | 2,008 | 2,735 | 2,564 | 577 | 584 | 1,700 |
| Liberty Utilities | 8,497 | 8,835 | 8,427 | 7,819 | 7,163 | 8,150 |
| Rancho Los Amigos | 70 | 1 | 0 | 2 | - | 20 |
| San Gabriel Valley Water Company | - | - | 0 | - | - | 10 |
| City of Santa Fe Springs | 3,277 | 2,964 | 3,045 | 2,874 | 3,273 | 3,090 |
| City of Signal Hill | 695 | 14 | 43 | 589 | 337 | 340 |
| Golden State Water Company | 5,967 | 6,654 | 7,430 | 6,084 | 6,041 | 6,440 |
| City of South Gate | - | - | 0 | - | - | 10 |
| Suburban Water Systems | 122 | 21 | 141 | 133 | 23 | 90 |
| City of Vernon | 1,066 | 681 | 824 | 499 | 1,034 | 830 |
| Walnut Park Mutual Water Company | 52 | 0 | - | - | - | 20 |
| Total | 38,399 | 38,321 | 37,498 | 33,948 | 30,344 | 35,840 |
| Total Annual Tier 1 Limit Available to Central Basin from MWD | | | | | | 71,770 |
| Remaining Tier 1 Water Available to WRD for Replenishment, Storage, or Other Uses | | | | | | 35,930 |

ESTIMATED RTS Purveyor Cost for FY 2016-17

| Agency | 4-Year Average % | FY 17 Annual Payment | | FY 2017 Monthly Payment | |
|----------------------------------|---------------------|----------------------|------------------|-------------------------|----------------|
| | | TOTAL | | TOTAL | |
| City of Bell Gardens | 0.61% | \$ | 8,307 | \$ | 692 |
| City of Bellflower | 1.00% | \$ | 13,601 | \$ | 1,133 |
| California Water Service Company | 25.76% | \$ | 350,028 | \$ | 29,169 |
| City of Cerritos | 1.01% | \$ | 13,766 | \$ | 1,147 |
| City of Commerce | 0.00% | \$ | - | \$ | - |
| City of Huntington Park | 3.33% | \$ | 45,312 | \$ | 3,776 |
| La Habra Heights Water District | 0.30% | \$ | 4,082 | \$ | 340 |
| City of Lynwood | 0.72% | \$ | 9,722 | \$ | 810 |
| Maywood Mutual Water Co. #1 | 0.24% | \$ | 3,286 | \$ | 274 |
| Maywood Mutual Water Co. #2 | 0.01% | \$ | 94 | \$ | 8 |
| Maywood Mutual Water Co. #3 | 0.00% | \$ | - | \$ | - |
| City of Montebello | 3.02% | \$ | 41,026 | \$ | 3,419 |
| City of Norwalk | 1.01% | \$ | 13,676 | \$ | 1,140 |
| Orchard Dale Water District | 0.01% | \$ | 69 | \$ | 6 |
| City of Paramount | 4.07% | \$ | 55,350 | \$ | 4,613 |
| Liberty Utilities | 20.33% | \$ | 276,275 | \$ | 23,023 |
| Rancho Los Amigos | 0.00% | \$ | 9 | \$ | 1 |
| San Gabriel Valley Water Company | 0.00% | \$ | - | \$ | - |
| City of Santa Fe Springs | 7.66% | \$ | 104,160 | \$ | 8,680 |
| City of Signal Hill | 0.62% | \$ | 8,425 | \$ | 702 |
| Golden State Water Company | 16.52% | \$ | 224,563 | \$ | 18,714 |
| City of South Gate | 0.00% | \$ | - | \$ | - |
| Suburban Water Systems | 0.20% | \$ | 2,725 | \$ | 227 |
| City of Vernon | 1.92% | \$ | 26,031 | \$ | 2,169 |
| Walnut Park Mutual Water Company | 0.00% | \$ | - | \$ | - |
| Water Replenishment District | 11.66% | \$ | 158,512 | \$ | 13,209 |
| TOTAL | 100% | \$ | 1,359,021 | \$ | 113,252 |

MWD & District Capacity Charge

Central Basin MWD

FISCAL YEAR 2016-17

| <u>Metropolitan Peak Flows</u> | | | 2013 | 2014 | 2015 | Peak |
|--------------------------------|--------------------------------|--|------|------|------|-------|
| CY | Coincident Peaks (cfs) (1) | | 73.6 | 61 | 51.4 | 73.6 |
| FY | Non-Coincident Peaks (cfs) (2) | | | | | 150.5 |

| <u>MET Meter Nos.</u> | <u>Central Basin Customers</u> | 2013 | 2014 | 2015 | PEAK 17 | Peak 16 | Increase/ Decrease |
|-----------------------|------------------------------------|--------------|--------------|-------------|--------------|--------------|-----------------------|
| 15,54 | Bellflower Somerset Mutual | 3.1 | 3.3 | 0.0 | 3.3 | 4.0 | (0.7) |
| 01, 14, 39 | California Water Service- East LA | 27.2 | 19.9 | 13.7 | 27.2 | 27.2 | - |
| 31B | City of Bell Gardens | 1.2 | 0.5 | 1.8 | 1.8 | 1.2 | 0.6 |
| 46 | City of Cerritos | 3.0 | 6.1 | 4.1 | 6.1 | 6.1 | - |
| 45 | California Water Service- Commerce | 3.1 | 3.1 | 2.0 | 3.1 | 3.1 | - |
| 18, 20, 21 | City of Downey | | 0.0 | 0.0 | - | - | - |
| 8 | City of Huntington Park | 2.5 | 2.3 | 2.2 | 2.5 | 2.6 | (0.1) |
| 43, 49 | City of Lakewood | 0.0 | 0.0 | | - | - | - |
| 33 | City of Lynwood | 1.6 | 9.4 | 1.8 | 9.4 | 9.4 | - |
| 22, 24 | City of Montebello | 3.8 | 3.4 | 2.4 | 3.8 | 3.8 | - |
| 16 | City of Norwalk | 1.3 | 1.2 | 1.0 | 1.3 | 1.3 | - |
| 13, 52 | City of Paramount | 10.8 | 3.6 | 8.7 | 10.8 | 10.8 | - |
| 30, 42 | City of Santa Fe Springs | 7.8 | 6.8 | 8.1 | 8.1 | 7.8 | 0.3 |
| 19 | City of Signal Hill | 2.4 | 3.5 | 3.9 | 3.9 | 3.6 | 0.3 |
| 7, 11 | City of South Gate | | 0.1 | 0.0 | 0.1 | 0.1 | - |
| 38 | City of Vernon | 3.0 | 4.1 | 5.8 | 5.8 | 4.1 | 1.7 |
| 34 | County LA - Rancho Los Amigos | 0.0 | 0.3 | 0.0 | 0.3 | 0.3 | - |
| * | Golden State Water Co. | 20.2 | 16.1 | 9.4 | 20.2 | 21.8 | (1.6) |
| 47 | La Habra Heights Water District | 0.5 | 5.5 | 7.1 | 7.1 | 5.5 | 1.6 |
| 31A | Maywood Mutual No. 1 (3) | 0.3 | 1.1 | 1.0 | 1.0 | 1.0 | - |
| 31A | Maywood Mutual No. 2 (3) | 0.3 | 1.1 | 2.0 | 2.0 | 2.0 | - |
| 31A | Maywood Mutual No. 3 (3) | 0.3 | 1.1 | 0.1 | 0.5 | 0.5 | - |
| 17 | Orchard Dale Water District | 0.0 | 0.0 | 3.0 | 3.0 | - | 3.0 |
| ** | Park Water Company | 17.8 | 16.1 | 15.8 | 17.8 | 22.9 | (5.1) |
| 40 | San Gabriel Valley Water Co. | | 0.0 | 0.0 | - | - | - |
| 29 | Suburban Water Systems | 6.4 | 11.3 | 4.0 | 11.3 | 11.3 | - |
| 10 | Walnut Park Mutual Water Co. | 0.0 | 0.0 | 0.0 | - | 1.9 | (1.9) |
| 28, 48 | Water Replenishment District | 0.0 | 0.0 | 0.0 | - | - | - |
| TOTAL | | 116.6 | 119.9 | 97.9 | 150.5 | 152.3 | (1.85) |

(1) Coincident peak is highest one day usage for CB between May - Sept months.

Source: MWD Publication. See link to file.

Downey, Lakewood, South Gate, and San Gabriel Valley Water do not take water during the measurement period and are therefore zero for the calendar year.

(2) Non-coincident peaks is the highest daily average flow for each MWD meter over the past 3 summer months (May-Sept).

(3) Maywood Mutuals split an MWD connection and daily reads cannot be calculated, therefore all three Mutuals agreed to a predetermined amount as listed above

[RE Peak capacity numbers-Maywood.msg](#)



Central Basin Municipal Water District
Fiscal Year 2016-17 Water Rates and Charges



| Rates Effective July 1 to December 31, 2016 | | | | | | | |
|--|-----------------------------|--------------------|-----------|---------------------------|-----------------|------------|-------------|
| | Metropolitan Water District | | | Central Basin | | | Grand Total |
| | Commodity Rate | Readiness to Serve | MWD Total | Infrastructure Surcharge | Admin Surcharge | CBWD Total | |
| Non-Interruptible- Treated (Tier 1) | \$942/AF | | \$942/AF | \$20/AF | \$70/AF | \$90/AF | \$1,032/AF |
| Non-Interruptible- Untreated (Tier 1) | \$594/AF | Page | \$594/AF | \$20/AF | \$70/AF | \$90/AF | \$684/AF |
| Non-Interruptible- Untreated WRD Agreement | \$594/AF | | \$594/AF | | \$70/AF | \$70/AF | \$664/AF |
| Rates Effective January 1 to June 30, 2017 | | | | | | | |
| | Metropolitan Water District | | | Central Basin | | | Grand Total |
| | Commodity Rate | Readiness to Serve | MWD Total | Infrastructure Surcharge | Admin Surcharge | CBWD Total | |
| Non-Interruptible- Treated (Tier 1) | \$979/AF | | \$979/AF | \$20/AF | \$70/AF | \$90/AF | \$1,069/AF |
| Non-Interruptible- Untreated (Tier 1) | \$666/AF | Page | \$666/AF | \$20/AF | \$70/AF | \$90/AF | \$756/AF |
| Non-Interruptible- Untreated WRD Agreement | \$666/AF | | \$666/AF | | \$70/AF | \$70/AF | \$736/AF |
| MWD Non-Interruptible Treated Commodity Rate | | | | | | | |
| Effective Dates | | | | | | | |
| | July 1-Dec 31, 2016 | | | January 1 - June 30, 2017 | | | |
| Supply Rate Tier 1 | \$156 | | | \$201 | | | |
| Supply Rate Tier 2 | \$290 | | | \$295 | | | |
| System Access Rate | \$259 | | | \$289 | | | |
| Water Stewardship Rate | \$41 | | | \$52 | | | |
| Treatment Rate | \$348 | | | \$313 | | | |
| Power Rate | \$138 | | | \$124 | | | |
| Total Tier 1 | \$942 | | | \$979 | | | |
| Total Tier 2 | \$1,076 | | | \$1,073 | | | |



Central Basin Municipal Water District
Fiscal Year 2016-17 Water Rates and Charges



| MWD Capacity Charge | |
|---|----------------------------------|
| Designated Amount ¹ | |
| Effective July 1, 2016 to Dec. 31, 2016 | Effective Jan 1 to June 30, 2017 |
| MET \$10,900/cfs | MET \$8,000/cfs |
| CB \$5,625/cfs | CB \$3,915/cfs |
| (1) Designated amount based on highest peak (per cfs) from the past three summer periods (May 1-Sept. 30) | |

| Monthly Water Meter Service Charge |
|--|
| Effective July 1, 2016 |
| CBMWD Water Service Charge |
| \$69/cfs² |
| (2) Per cfs as determined by agency's meter capacity |

| CBMWD Recycled Water Rates | | | |
|--|--------------------|----------------------------|-------------------------------|
| Effective July 1, 2016 through June 30, 2017 | | | |
| Volume (AF/Month) | CBMWD Service Area | Malburg Generating Station | Outside of CBMWD Service Area |
| 0-25 | \$556/AF | \$426/AF | \$579/AF |
| 25-50 | \$556/AF | \$397/AF | \$579/AF |
| 50-100 | \$507/AF | \$366/AF | \$528/AF |
| 100+ | \$507/AF | \$338/AF | \$528/AF |

For treated and untreated water obtained from other sources, price per AF includes all water acquisition charges, treatment charges (if needed), and wheeling charges plus an administrative surcharge equal to the District's administrative surcharge or 10% of total costs, whichever is greater.



Central Basin
Municipal Water District

Schedule of Insurance in Force

The District's risk management program took a few body blows as a result of our institutional failures concentrated in Fiscal Years 2012, 2013, and 2014. It's simple stuff: employment practices lawsuits made us an insurance risk. FY 2017 demonstrates that we've returned to the ring; we are a contender now.

Coverage for the General Liability Policy Package, Workers Compensation and Excess Liability are included in the FY 2017 Budget. The District has not experienced claims against these policies and the existing rate structure will hold steady in FY 2017.

The District engaged the private market for insurance coverage in 2014 when the Association of California Water Agencies (ACWA) Joint Powers Insurance Authority, after a due process warning, canceled the District's worker's compensation, general liability, employment practices liability, and property coverage pools. Since that time -- and in view of the several lawsuits in matters of employment practices liability that were then active -- the District's coverage for Directors & Officers Employment Practices Liability insurance became difficult to find and, when we achieved coverage, increasingly expensive. The FY 2017 Proposed Budget displays this cost of insurance as going from \$155,358 for \$1 million in coverage with a \$250,000 deductible in FY 2016 to \$128,528 in FY 2017 for \$1 million in coverage and a \$500,000 deductible.

This said, there is positive momentum in our risk management program. All employment-related litigation has been resolved at this writing with the exception of one case. This improvement, it should be stated with clarity, was a key decision factor in US Bank's decision to extend our Letter of Credit pertaining to the 2008 Certificates of Participation borrowing.

Given the strength of our performance in bringing the risk management program back in line, we petitioned reinstatement into the Association of California Water Agencies Joint Powers Insurance Authority's (ACWA JPIA) worker's compensation, general liability, employment practices liability, and property insurance programs in May 2016. The ACWA JPIA Board voted to postpone the District's request for reinstatement to December 2016. The District will again petition reinstatement to ACWA JPIA and will also seek alternative through entry to the Special Districts Risk Management Authority (SDRMA) to secure comprehensive coverages at reduced rates.



Central Basin
Municipal Water District

**Central Basin Municipal Water District
Schedule of Insurance in Force**

| Coverage | Carrier | Cost Center | Coverage Period | Policy Limits | Deductible | FY 2016 Actual Premium | FY 2017 Budgeted Premium |
|--|-----------------------------------|------------------------|-------------------|---------------|---------------------------|------------------------|--------------------------|
| General Liability Policy Package | | | | | | | |
| General Liability | Allied World Assurance Co. | IT & Building Services | 5/15/15 - 5/15/16 | Various | - | \$ 66,105 | \$ 66,105 |
| Employee Benefits Plan | | | | 1,000,000 | 10,000 | | |
| Automobile Liability | | | | 1,000,000 | - | | |
| Property | | | | 17,043,442 | 5,000 | | |
| Crime Coverage (Inside and Outside District) | | | | Various | 1,000 | | |
| Workers Compensation | State Compensation Insurance Fund | Per Department | 5/22/15 - 5/22/16 | 1,000,000 | - | 25,268 | 25,268 |
| Excess Liability | Allied World Assurance Co. | IT & Building Services | 5/1/15 - 5/1/16 | 10,000,000 | - | 12,791 | 12,791 |
| Directors & Officers Employment Practices Liability | Kinsale Insurance Co. | Human Resources | 6/15/15 - 6/15/16 | 1,000,000 | 50,000 D&O 100,000 EPL | 155,358 | 128,528 |
| | | | | | | \$ 259,522 | \$ 232,692 |



Central Basin
Municipal Water District

Fiscal Year 2016-2017 Outstanding Debt Service Requirements

The District services the debt of two borrowings created through issuance of Certificates of Participation (COPs) and a note payable issued to the City of Vernon. This schedule offers summary understanding of the payment requirements of FY 2017 and the longer-term requirements of each borrowing.

2008 Adjustable Rate Refunding Revenue COP – In 2008, the District issued \$19,980,00 in COPs to refund the District's 2007 Bonds. The net proceeds of the 2008 Bonds were placed in irrevocable trust with an escrow agent to provide redemption of the 2007 Bonds. The refunded debt was originally incurred to finance the District's capital projects and to refund 1997 Revenue Bonds.

In relation to the 2008 Bonds, the District entered into swap agreements with Citibank to reduce the interest rate risks. Swap amounts outstanding are included in the District's liabilities. The District also entered into a Direct Pay Letter of Credit (held by US Bank since 2010) to enhance the bonds. The letter of credit fee of 70 basis points is paid on a quarterly basis.

2010 Refunding Revenue COP – In 2010, the District issued \$37,935,000 in COPs to finance a portion of certain capital improvements; to refund an outstanding Adjustable Rate Revenue COP; to terminate an associated interest rate agreement; to purchase a bond insurance policy; and to fund a reserve fund and pay costs of delivery of the certificates.

Of the net proceeds of the 2010 Bonds, \$17,700,000 was deposited into an irrevocable trust with an escrow agent to redeem the 2008 Bonds. A related swap agreement was also terminated.

The obligation of the District is to make installment payments solely from net revenues. Further, the Installment Purchase Agreement requires the District to fix, prescribe and collect rates and charges for its water service at least sufficient to yield a debt coverage ratio of 115%.

Note Payable – in 2002, the District entered an agreement with the City of Vernon for the construction of a recycled water distribution system. The agreement called for Vernon to design and construct the system and advance funding to the District to pay for the system. The District is obligated to reimburse the City of Vernon's expenditures through monthly credits to its water bills. The monthly credits are amortized over a 14-year period, commencing by amendment, in 2005 at 5.13% per annum.



Central Basin
Municipal Water District

CENTRAL BASIN MUNICIPAL WATER DISTRICT
Fiscal Year 2016-2017 Debt Service Requirements

| Issue Date | Issuer | Description | Issue Amount | Final Maturity Date | Payment Dates | Fiscal Year 2016-17 | | | Funding Source | Total Outstanding Principal | Total Outstanding Interest | Grand Total Outstanding |
|------------|-----------------|---|--------------|---------------------|---------------|---------------------|-------------|-----------|----------------|-----------------------------|----------------------------|-------------------------|
| | | | | | | Principal \$ | Interest \$ | Total \$ | | | | |
| 5/21/2008 | MUFG Union Bank | 2008B Adjustable Rate Refunding Certificates | 15,015,000 | 8/1/2037 | Nov, May | 525,000 | 359,721 | 884,721 | Revenue | 11,690,000 | 3,657,991 | 15,347,991 |
| 11/1/2009 | MUFG Union Bank | 2010A Refunding Revenue Certificates | 37,935,000 | 8/1/2039 | Aug, Feb | 1,040,000 | 1,538,404 | 2,578,404 | Revenue | 32,570,000 | 16,315,649 | 48,885,649 |
| 7/1/2005 | City / CB | City of Vernon Note Payable (Malburg Generating Station) * | 2,482,212 | 7/1/2019 | Monthly | 43,901 | 18,407 | 62,308 | Revenue | 746,607 | 48,154 | 794,761 |
| | | | | | | 1,608,901 | 1,916,532 | 3,525,433 | | 45,006,607 | 20,021,794 | 65,028,401 |

* Payments estimated based on historical trend. Actual payments depend on Vernon's recycled water demand. Payments made as credits against the City's monthly water bill.



Central Basin
Municipal Water District

Preliminary Five-Year Capital Improvement Projects Plan

According to institutional memory, this is the District's first publication of a long-range Capital Improvement Plan. The Plan was developed by the Engineering & Operations Department in collaboration with the General Manager. Significant contribution to keep the Plan in alignment with the vagaries of the Local Resources Program (LRP) – a recycled water credit offered by MWD having critical importance to our bottom line -- was also made by the Director of Technology.

The Plan targets capital construction activities related to the expansion of the District's recycled water infrastructure, with the objective of creating new end-user connections and increasing the sales and delivery of recycled water. The recycled water distribution and delivery system make up the overwhelming majority of the fixed assets we own. MWD owns the infrastructure that delivers potable water.

The reader will notice that the Plan foreshadows a future that obligates us to achieve new grant awards and low-interest loans (the latter are made available by agencies established by the State of California). Grant funding in the abstract is a sexy business: it appears to offer money for nothing. The reality is different. Applying for and managing grants and loans is hard, time-consuming work that will push the limits of our permanent staffing in Engineering, Water Resources and Finance. As project work unfolds, it will be of critical importance that we are held accountable to the tasks at hand. If we reach our productivity limits and progress in any project area lags, it will be the duty of senior management to clearly communicate through precise application of project management and, when necessary, request necessary additional resources (e.g., consultant assistance) to make things happen on the schedules we publish.

Our Plan must continually evolve in order to be useful to the District. We don't expect that we've got everything right and achieved the nuanced balance between planning, funding and executing projects. The starting place is projects for FY 2017, the first year of the Plan that makes up our Capital Projects Budget for FY 2017.

It follows that District management has labeled the Plan "preliminary" because planning for years after FY 2017 will no doubt change during in the coming months. Capital project management isn't predictable or linear. In any case, our obligation is to use the Plan as a roadmap, update it periodically and discuss those updates and recommended changes with the Board of Directors at pivotal points.

The Plan serves as a hefty building block in the District's Five-Year Financial Forecast. The Forecast is a centerpiece of the District's debt refinancing efforts (currently in progress) and will serve as a cornerstone of future water rate and charges policy discussions.



Central Basin
Municipal Water District

Five-Year Capital Improvement Projects Plan -- Master Listing by Project Name

| Project Name | FY 16/17 | FY 17/18 | FY 18/19 | FY 19/20 | FY 20/21 | 5 Year |
|--|--------------------|---------------------|---------------------|--------------------|--------------------|---------------------|
| Recycled Water System Storage Project | | | | | | \$3,500,000 |
| Rio Hondo Pump Station System Improvements | \$350,000 | \$2,450,000 | \$700,000 | | | \$650,000 |
| Montebello Recycled Water System Expansion | | \$650,000 | | | | \$4,725,000 |
| La Mirada Recycled Water System Expansion | \$1,890,000 | \$2,835,000 | | | | \$14,530,000 |
| Gateway Cities Recycled Water System Expansion | \$1,000,000 | \$4,053,000 | \$5,832,000 | \$3,645,000 | | \$9,186,500 |
| Monterey Park Recycled Water System Expansion | \$494,300 | \$2,138,000 | \$3,922,000 | \$2,632,200 | | \$3,675,000 |
| Pico Rivera Mines Avenue Recycled Water System Expansion | \$1,470,000 | \$2,205,000 | | | | \$987,500 |
| Pico Rivera North Recycled Water System Expansion | | \$98,750 | \$888,750 | | | \$875,000 |
| Pico Rivera South Recycled Water System Expansion | | | | \$202,500 | \$1,822,500 | \$2,025,000 |
| Downey Recycled Water System Expansion Project | | | | \$607,500 | \$1,417,500 | \$2,025,000 |
| Santa Fe Springs Recycled Water System Expansion | | | | \$352,500 | \$528,750 | \$881,250 |
| Whittier Beverly Boulevard Median Recycled Water Lateral | | | | | | \$0 |
| East Los Angeles Recycled Water System Expansion | | | | | | \$0 |
| Maywood Recycled Water System Expansion | | | | | \$1,190,000 | \$1,190,000 |
| Commerce Recycled Water System Expansion | | | | | | \$0 |
| Vernon Recycled Water System Expansion Project | | | | | | \$0 |
| Rosemead Recycled Water System Expansion | | | | | | \$0 |
| Paramount Recycled Water System Expansion | | | | | | \$0 |
| Small Customer Service Lateral Connections | \$80,000 | \$160,000 | \$240,000 | \$240,000 | \$240,000 | \$960,000 |
| On-Site Customer Retrofits | \$40,000 | \$80,000 | \$120,000 | \$120,000 | \$120,000 | \$480,000 |
| Capital Improvement Projects Totals | \$5,324,300 | \$14,669,750 | \$11,702,750 | \$7,799,700 | \$6,193,750 | \$45,690,250 |

Five-Year Funding Summary by Source

| Project Description | CB Reserves | Grants | Low-Int Loans | Developer | User Paid | MWD | Total |
|--|--------------------|-------------------|----------------------|------------------|------------------|----------------|-------------------|
| Recycled Water System Storage Project | 75,000 | 75,000 | 3,350,000 | - | - | - | 3,500,000 |
| Rio Hondo Pump Station System Improvements | 650,000 | - | - | - | - | - | 650,000 |
| Montebello Recycled Water System Expansion | - | 2,362,500 | 2,362,500 | - | - | - | 4,725,000 |
| La Mirada Recycled Water System Expansion | - | 7,265,000 | 7,265,000 | - | - | - | 14,530,000 |
| Gateway Cities Recycled Water System Expansion | 125,333 | 9,061,167 | - | - | - | - | 9,186,500 |
| Monterey Park Recycled Water System Expansion | - | - | - | - | 3,675,000 | - | 3,675,000 |
| Pico Rivera Mines Avenue Recycled Water System Expansion | - | 987,500 | - | - | - | - | 987,500 |
| Pico Rivera North Recycled Water System Expansion | - | 875,000 | - | - | - | - | 875,000 |
| Pico Rivera South Recycled Water System Expansion | - | 2,025,000 | - | - | - | - | 2,025,000 |
| Downey Recycled Water System Expansion Project | - | 2,025,000 | - | - | - | - | 2,025,000 |
| Santa Fe Springs Recycled Water System Expansion | - | 881,250 | - | - | - | - | 881,250 |
| Whittier Beverly Boulevard Median Recycled Water Lateral | - | - | - | - | - | - | - |
| East Los Angeles Recycled Water System Expansion | - | - | - | - | - | - | - |
| Maywood Recycled Water System Expansion | - | 1,190,000 | - | - | - | - | 1,190,000 |
| Commerce Recycled Water System Expansion | - | - | - | - | - | - | - |
| Vernon Recycled Water System Expansion Project | - | - | - | - | - | - | - |
| Rosemead Recycled Water System Expansion | - | - | - | - | - | - | - |
| Paramount Recycled Water System Expansion | - | - | - | - | - | - | - |
| Small Customer Service Lateral Connections | 960,000 | - | - | - | - | - | 960,000 |
| On-Site Customer Retrofits | 240,000 | - | - | - | - | 240,000 | 480,000 |
| Total FY 2021 | 2,050,333 | 26,747,417 | 12,977,500 | - | 3,675,000 | 240,000 | 45,690,250 |

5-Year Projection of Project-Based Recycled Water Delivery (Additional Acre Feet Per Year)

| Project Description | FY 16-17 | FY 17-18 | FY 18-19 | FY 19-20 | FY 20-21 |
|--|----------|----------|----------|----------|----------|
| Recycled Water System Storage Project | - | - | - | - | - |
| Rio Hondo Pump Station System Improvements | - | - | - | - | - |
| Montebello Recycled Water System Expansion | - | 600 | 720 | 840 | 960 |
| La Mirada Recycled Water System Expansion | - | - | - | 500 | 600 |
| Gateway Cities Recycled Water System Expansion | - | - | - | 225 | 300 |
| Monterey Park Recycled Water System Expansion | - | 600 | 720 | 840 | 960 |
| Pico Rivera Mines Avenue Recycled Water System Expansion | - | - | 138 | 183 | 228 |
| Pico Rivera North Recycled Water System Expansion | - | - | - | - | 75 |
| Pico Rivera South Recycled Water System Expansion | - | - | - | - | 100 |
| Downey Recycled Water System Expansion Project | - | - | - | - | 63 |
| Santa Fe Springs Recycled Water System Expansion | - | - | - | - | - |
| Whittier Beverly Boulevard Median Recycled Water Lateral | - | - | - | - | - |
| East Los Angeles Recycled Water System Expansion | - | - | - | - | - |
| Maywood Recycled Water System Expansion | - | - | - | - | - |
| Commerce Recycled Water System Expansion | - | - | - | - | - |
| Vernon Recycled Water System Expansion Project | - | - | - | - | - |
| Rosemead Recycled Water System Expansion | - | - | - | - | - |
| Paramount Recycled Water System Expansion | - | - | - | - | - |
| Small Customer Service Lateral Connections | 29 | 59 | 88 | 176 | 176 |
| On-Site Customer Retrofits | - | - | - | - | - |
| | 29 | 1,259 | 1,666 | 2,764 | 3,462 |

Fiscal Year 2016-17

| Project Description | CB Reserves | Grants | Low-Int Loans | Developer | User Paid | MWD | Total |
|--|--------------------|------------------|----------------------|------------------|------------------|---------------|------------------|
| Recycled Water System Storage Project | 75,000 | 75,000 | 200,000 | - | - | - | 350,000 |
| Rio Hondo Pump Station System Improvements | - | - | - | - | - | - | - |
| Montebello Recycled Water System Expansion | - | 945,000 | 945,000 | - | - | - | 1,890,000 |
| La Mirada Recycled Water System Expansion | - | 500,000 | 500,000 | - | - | - | 1,000,000 |
| Gateway Cities Recycled Water System Expansion | - | 494,300 | - | - | - | - | 494,300 |
| Monterey Park Recycled Water System Expansion | - | - | - | - | 1,470,000 | - | 1,470,000 |
| Pico Rivera Mines Avenue Recycled Water System Expansion | - | - | - | - | - | - | - |
| Pico Rivera North Recycled Water System Expansion | - | - | - | - | - | - | - |
| Pico Rivera South Recycled Water System Expansion | - | - | - | - | - | - | - |
| Downey Recycled Water System Expansion Project | - | - | - | - | - | - | - |
| Santa Fe Springs Recycled Water System Expansion | - | - | - | - | - | - | - |
| Whittier Beverly Boulevard Median Recycled Water Lateral | - | - | - | - | - | - | - |
| East Los Angeles Recycled Water System Expansion | - | - | - | - | - | - | - |
| Maywood Recycled Water System Expansion | - | - | - | - | - | - | - |
| Commerce Recycled Water System Expansion | - | - | - | - | - | - | - |
| Vernon Recycled Water System Expansion Project | - | - | - | - | - | - | - |
| Rosemead Recycled Water System Expansion | - | - | - | - | - | - | - |
| Paramount Recycled Water System Expansion | - | - | - | - | - | - | - |
| Small Customer Service Lateral Connections | 80,000 | - | - | - | - | - | 80,000 |
| On-Site Customer Retrofits | 20,000 | - | - | - | - | 20,000 | 40,000 |
| Total FY 2017 | 175,000 | 2,014,300 | 1,645,000 | - | 1,470,000 | 20,000 | 5,324,300 |

Fiscal Year 2017-18

| Project Description | | CB Reserves | Grants | Low-Int Loans | Developer | User Paid | MWD | Total |
|--|--|----------------|------------------|------------------|-----------|------------------|---------------|-------------------|
| Recycled Water System Storage Project | | - | - | 2,450,000 | - | - | - | 2,450,000 |
| Rio Hondo Pump Station System Improvements | | 650,000 | - | - | - | - | - | 650,000 |
| Montebello Recycled Water System Expansion | | - | 1,417,500 | 1,417,500 | - | - | - | 2,835,000 |
| La Mirada Recycled Water System Expansion | | - | 2,026,500 | 2,026,500 | - | - | - | 4,053,000 |
| Gateway Cities Recycled Water System Expansion | | 125,333 | 2,012,667 | - | - | - | - | 2,138,000 |
| Monterey Park Recycled Water System Expansion | | - | - | - | - | 2,205,000 | - | 2,205,000 |
| Pico Rivera Mines Avenue Recycled Water System Expansion | | - | 98,750 | - | - | - | - | 98,750 |
| Pico Rivera North Recycled Water System Expansion | | - | - | - | - | - | - | - |
| Pico Rivera South Recycled Water System Expansion | | - | - | - | - | - | - | - |
| Downey Recycled Water System Expansion Project | | - | - | - | - | - | - | - |
| Santa Fe Springs Recycled Water System Expansion | | - | - | - | - | - | - | - |
| Whittier Beverly Boulevard Median Recycled Water Lateral | | - | - | - | - | - | - | - |
| East Los Angeles Recycled Water System Expansion | | - | - | - | - | - | - | - |
| Maywood Recycled Water System Expansion | | - | - | - | - | - | - | - |
| Commerce Recycled Water System Expansion | | - | - | - | - | - | - | - |
| Vernon Recycled Water System Expansion Project | | - | - | - | - | - | - | - |
| Rosemead Recycled Water System Expansion | | - | - | - | - | - | - | - |
| Paramount Recycled Water System Expansion | | - | - | - | - | - | - | - |
| Small Customer Service Lateral Connections | | 160,000 | - | - | - | - | - | 160,000 |
| On-Site Customer Retrofits | | 40,000 | - | - | - | - | 40,000 | 80,000 |
| Total FY 2018 | | 975,333 | 5,555,417 | 5,894,000 | - | 2,205,000 | 40,000 | 14,669,750 |

Fiscal Year 2018-19

| Project Description | CB Reserves | Grants | Low-Int Loans | Developer | User Paid | MWD | Total |
|--|--------------------|------------------|----------------------|------------------|------------------|---------------|-------------------|
| Recycled Water System Storage Project | - | - | 700,000 | - | - | - | 700,000 |
| Rio Hondo Pump Station System Improvements | - | - | - | - | - | - | - |
| Montebello Recycled Water System Expansion | - | - | - | - | - | - | - |
| La Mirada Recycled Water System Expansion | - | 2,916,000 | 2,916,000 | - | - | - | 5,832,000 |
| Gateway Cities Recycled Water System Expansion | - | 3,922,000 | - | - | - | - | 3,922,000 |
| Monterey Park Recycled Water System Expansion | - | - | - | - | - | - | - |
| Pico Rivera Mines Avenue Recycled Water System Expansion | - | 888,750 | - | - | - | - | 888,750 |
| Pico Rivera North Recycled Water System Expansion | - | - | - | - | - | - | - |
| Pico Rivera South Recycled Water System Expansion | - | - | - | - | - | - | - |
| Downey Recycled Water System Expansion Project | - | - | - | - | - | - | - |
| Santa Fe Springs Recycled Water System Expansion | - | - | - | - | - | - | - |
| Whittier Beverly Boulevard Median Recycled Water Lateral | - | - | - | - | - | - | - |
| East Los Angeles Recycled Water System Expansion | - | - | - | - | - | - | - |
| Maywood Recycled Water System Expansion | - | - | - | - | - | - | - |
| Commerce Recycled Water System Expansion | - | - | - | - | - | - | - |
| Vernon Recycled Water System Expansion Project | - | - | - | - | - | - | - |
| Rosemead Recycled Water System Expansion | - | - | - | - | - | - | - |
| Paramount Recycled Water System Expansion | - | - | - | - | - | - | - |
| Small Customer Service Lateral Connections | 240,000 | - | - | - | - | - | 240,000 |
| On-Site Customer Retrofits | 60,000 | - | - | - | - | 60,000 | 120,000 |
| Total FY 2019 | 300,000 | 7,726,750 | 3,616,000 | - | - | 60,000 | 11,702,750 |

Fiscal Year 2019-20

| Project Description | CB Reserves | Grants | Low-Int Loans | Developer | User Paid | MWD | Total |
|--|--------------------|------------------|----------------------|------------------|------------------|---------------|------------------|
| Recycled Water System Storage Project | - | - | - | - | - | - | - |
| Rio Hondo Pump Station System Improvements | - | - | - | - | - | - | - |
| Montebello Recycled Water System Expansion | - | - | - | - | - | - | - |
| La Mirada Recycled Water System Expansion | - | 1,822,500 | 1,822,500 | - | - | - | 3,645,000 |
| Gateway Cities Recycled Water System Expansion | - | 2,632,200 | - | - | - | - | 2,632,200 |
| Monterey Park Recycled Water System Expansion | - | - | - | - | - | - | - |
| Pico Rivera Mines Avenue Recycled Water System Expansion | - | - | - | - | - | - | - |
| Pico Rivera North Recycled Water System Expansion | - | - | - | - | - | - | - |
| Pico Rivera South Recycled Water System Expansion | - | 202,500 | - | - | - | - | 202,500 |
| Downey Recycled Water System Expansion Project | - | 607,500 | - | - | - | - | 607,500 |
| Santa Fe Springs Recycled Water System Expansion | - | 352,500 | - | - | - | - | 352,500 |
| Whittier Beverly Boulevard Median Recycled Water Lateral | - | - | - | - | - | - | - |
| East Los Angeles Recycled Water System Expansion | - | - | - | - | - | - | - |
| Maywood Recycled Water System Expansion | - | - | - | - | - | - | - |
| Commerce Recycled Water System Expansion | - | - | - | - | - | - | - |
| Vernon Recycled Water System Expansion Project | - | - | - | - | - | - | - |
| Rosemead Recycled Water System Expansion | - | - | - | - | - | - | - |
| Paramount Recycled Water System Expansion | - | - | - | - | - | - | - |
| Small Customer Service Lateral Connections | 240,000 | - | - | - | - | - | 240,000 |
| On-Site Customer Retrofits | 60,000 | - | - | - | - | 60,000 | 120,000 |
| Total FY 2020 | 300,000 | 5,617,200 | 1,822,500 | - | - | 60,000 | 7,799,700 |

Fiscal Year 2020-21

| Project Description | CB Reserves | Grants | Low-Int Loans | Developer | User Paid | MWD | Total |
|--|--------------------|------------------|----------------------|------------------|------------------|---------------|------------------|
| Recycled Water System Storage Project | - | - | - | - | - | - | - |
| Rio Hondo Pump Station System Improvements | - | - | - | - | - | - | - |
| Montebello Recycled Water System Expansion | - | - | - | - | - | - | - |
| La Mirada Recycled Water System Expansion | - | - | - | - | - | - | - |
| Gateway Cities Recycled Water System Expansion | - | - | - | - | - | - | - |
| Monterey Park Recycled Water System Expansion | - | - | - | - | - | - | - |
| Pico Rivera Mines Avenue Recycled Water System Expansion | - | - | - | - | - | - | - |
| Pico Rivera North Recycled Water System Expansion | - | 875,000 | - | - | - | - | 875,000 |
| Pico Rivera South Recycled Water System Expansion | - | 1,822,500 | - | - | - | - | 1,822,500 |
| Downey Recycled Water System Expansion Project | - | 1,417,500 | - | - | - | - | 1,417,500 |
| Santa Fe Springs Recycled Water System Expansion | - | 528,750 | - | - | - | - | 528,750 |
| Whittier Beverly Boulevard Median Recycled Water Lateral | - | - | - | - | - | - | - |
| East Los Angeles Recycled Water System Expansion | - | - | - | - | - | - | - |
| Maywood Recycled Water System Expansion | - | 1,190,000 | - | - | - | - | 1,190,000 |
| Commerce Recycled Water System Expansion | - | - | - | - | - | - | - |
| Vernon Recycled Water System Expansion Project | - | - | - | - | - | - | - |
| Rosemead Recycled Water System Expansion | - | - | - | - | - | - | - |
| Paramount Recycled Water System Expansion | - | - | - | - | - | - | - |
| Small Customer Service Lateral Connections | 240,000 | - | - | - | - | - | 240,000 |
| On-Site Customer Retrofits | 60,000 | - | - | - | - | 60,000 | 120,000 |
| Total FY 2021 | 300,000 | 5,833,750 | - | - | - | 60,000 | 6,193,750 |

The Central Basin Strategic Plan

The District adopted the 3-year Strategic Plan in May 2015 in order to re-create the organization as a service provider, employer, and partner with our purveyors. The Plan was developed from the ground up with generous participation from our purveyors, our staff, and the Board of Directors.

Our Vision Statement is:

“Central Basin Municipal Water District
is an innovative, responsive, and effective steward
of the water service and management responsibility entrusted to it.”

Our Mission Statement finds derivation from our Vision Statement:

“The mission of Central Basin Municipal Water District
is to deliver reliable and high-quality water and recycled water
to its customers and communities through effective and collegial
partnerships with its retailers and wholesalers.”

The District’s Board of Directors adopted 4 goals to implement the Strategic Plan, translating the Vision and Mission Statements into practical terms that have allowed District staff to formulate, at this writing, a total of 21 strategies and 86 objectives to fulfil the Strategic Plan.

- *Goal #1: Water Reliability* – We will partner with retailers and wholesalers to provide a level of regional water reliability that ensures customers’ water needs are met.
- *Goal #2: Financial Integrity* – We will manage our financial resources in a responsible, effective, and transparent fashion.
- *Goal #3: Stewardship* – We will act as responsible stewards of human and capital resource assets.
- *Goal #4: Communications* – We will proactively engage, listen to, inform, and respond to our customers, purveyors, community leaders, stakeholders, and employees.

The Annual Report on the Strategic Plan found in this section is published in July each year.



Central Basin
Municipal Water District



Central Basin
Municipal Water District

Central Basin Municipal Water District Fiscal Year 2015-2016 Strategic Plan Annual Report

Message from the General Manager and Staff

Message from General Manager and Staff

Welcome to the Annual Report of the Central Basin Municipal Water District Strategic Plan. The Annual Report will serve as an opportunity for the District to communicate with our Board of Directors and the public on the progress that has been made in Fiscal Year 2015-2016.

In the past year Central Basin has made significant strides towards meeting the goals identified in the Strategic Plan (the Plan). This progress could not have occurred without the support and leadership from our Board of Directors who played a key role in bringing forth ideas and taking actions centered on improving the District. Central Basin also recognizes the collegial working relationships with purveyors, the Water Replenishment District, the Metropolitan Water District of Southern California, the Los Angeles County Sanitation District, and the Los Angeles County Flood Control District. These efforts have been key towards enhancing our ability to meet the water supply needs of the over 1.6 million residents in the Central Basin service area, strengthening the Central Basin's financial stability and transparency, effective management of the District's human and capital resources, and proactive engagement with our stakeholders.

Challenges Faced

We would be remiss to not provide a complete picture of Central Basin, therefore we would like to briefly discuss the challenges that the District faced in Fiscal Year 2015-2016. In the past fiscal year, Central Basin spent significant time and effort to address an audit by the California State Auditor, which came as a result of concern from local leaders about the District. The first part of the fiscal year was spent working collaboratively with the staff from the State Auditor's to office to identify any potential issues. The second part of the fiscal year was spent on addressing recommendations from the audit report. To date, Central Basin has addressed over 82% of the audit recommendations.

Another challenge that arose out of the audit on Central Basin was the introduction of two pieces of legislation that would modify the governance structure of the District's Board of Directors. Since December 2015, the issue of legislation has garnered significant time and attention from Central Basin as we have worked with our purveyors and the California Legislature to identify a solution that ensures that progressive reforms stay in place while at the same time being mindful of the fiscal impacts that would occur from modifying the District's governance structure.

In addition to the challenges described above, the District also contended with the impacts of the drought and the Governor's water use reduction mandate. This negatively impacted the District's imported water sales by way of a reduced water use allocation from the Metropolitan Water District. Additionally, because of lack of knowledge from the public on the use of recycled water, the District

experienced a decrease in recycled water sales in the last fiscal year. Due to increased storage supplies in Northern California the water use allocation has been lifted and the District will be in the position to provide increased supplies of imported water to our region. Additionally, the District is proactively educating our communities to advocate for the increased use of recycled water.

Conclusion

We remain committed to providing the highest levels of service to our customers and the 1.6 million residents in our service area. The challenges faced and progress undertaken in the past fiscal year have resulted in a stronger, more effective Central Basin. This growth will be key towards future success in securing our region's water reliability. We look forward to 2016-17 as an opportunity to continue the progress at Central Basin through adherence to the mission, values and goals of the District and through steadfast implementation of the Plan.

Regards,

General Manager and Staff

Sincerely,

Central Basin Municipal Water District General Manager and Staff

| | | | |
|--|--|---|---|
| <i>Margarita Gomez</i> Director of Administration & Board Services | <i>Christopher Alvarez</i> Human Resources Analyst | <i>Helen Avendaño</i> Records Management Assistant | <i>Ruben Beas</i> Public Safety Officer |
| <i>Josh Betta</i> Finance Director | <i>Kelsey Coleman</i> Public Affairs Specialist | <i>Lonnie Curtis</i> Chief Engineer | <i>Roman C. Gonzalez</i> Assistant Engineer |
| <i>Tammy Hierlihy</i> Water Resources Manager | <i>Dina Hidalgo</i> Director of Human Services | <i>Kevin P. Hunt</i> General Manager | <i>Donald Jones</i> Recycled Water Development Specialist |
| <i>Jacqueline Koontz</i> Engineering & Operations Manager | <i>Sharon Kumar</i> Contracts & Procurement Specialist | <i>Dorrett Lambey</i> Accounting Manager | <i>Joseph Legaspi</i> Director of External Affairs |
| <i>Sandi Linares-Plimpton</i> Conservation Manager | <i>Chris Lingad</i> Water Resources Specialist | <i>Hugo Magaña</i> Engineering & Operations Intern | <i>Mark Moss</i> Education Manager |
| <i>Angel Nguyen</i> Budget & Finance Intern | <i>Albert Plimpton</i> Director of Technology | <i>Cecilia Palido</i> Deputy Board Secretary/ Executive Assistant | <i>Priscilla Segura</i> Public Information Officer |
| <i>Kevin Wattier</i> Sr. Water Resources Specialist | <i>Peggy Williams</i> Senior Accountant | | |



Our Values

Integrity

Collaboration

Customer Service

Fair, open, and
responsive

Accountability

Innovation

Introduction

Since 1952, Central Basin Municipal Water District (Central Basin) has been providing an additional source of water for the southeast Los Angeles region. To guide our activities and goals, Central Basin developed the Three-Year Strategic Plan (Plan). The Strategic Plan was developed in a collaborative effort with our Board, our purveyors, our fellow wholesale agencies, and our staff to address the challenges that we face in protecting our regional water supply reliability. In addition, the Strategic Plan was developed to address issues that Central Basin had been facing with a focus on rebuilding trust with the communities that we serve. Provided within this Annual Report is an overview of Central Basin's vision, mission, values and goals that are a part of the Strategic Plan.

Vision Statement

Central Basin Municipal Water District is an innovative, responsive, and effective steward of the water service and management responsibility entrusted to it.

Mission Statement

The Mission of the Central Basin Municipal Water District is to deliver reliable and high-quality water and recycled water services to its customers and communities through effective and collegial partnerships with its retailers and other wholesalers.

Goals

Goal 1: Water Reliability

Central Basin will partner with retailers and wholesalers to provide a level of regional water reliability that ensures customers' water needs are met.

Goal 2: Financial Integrity

Central Basin will manage its financial resources in a responsible, effective, and transparent fashion.

Goal 3: Stewardship

Central Basin will act as responsible stewards of human and capital resource assets.

Goal 4: Communications

Central Basin will proactively engage, inform, and respond to its customers, purveyors, community leaders, and employees.

Water Reliability

Central Basin will partner with retailers and wholesalers to provide a regional water reliability that ensures customers' water needs are met.

Strategies

- ❖ Conduct appropriate regional planning to ensure Central Basin's water demands and supplies are balanced
- ❖ Represent the region's water interests
- ❖ Increase recycled water sales to 10,500 acre-feet by 2020
- ❖ Optimize water conservation in the service area

Central Basin's primary goal is to ensure the appropriate level of regional water reliability for the needs of present and future generations in our service area. Water reliability is encompassed by the three types of water Central Basin provides for the region: potable, recycled, and replenishment water. This year, water reliability was defined by

- Statewide drought conditions;
- Increased representation on behalf of the region;
- Publications of water usage information; and
- Recycled water development efforts.

Statewide drought conditions

During the first year of the Strategic Plan, Central Basin focused on continuing efforts and regional planning to ensure the regions' water demands and supplies remain in balance in light of statewide water reduction mandates. Due to limited sources of imported water, a regional water shortage was declared which prompted Central Basin to implement its Water Supply Allocation Plan (WSAP). The WSAP assisted customers in calculating and implementing their supply allocations when a water shortage is declared, in an effort to avoid higher penalty rates for water used in excess of allocated amounts. Additionally, conservation messaging, online conservation assessment tools, and conservation training for cities and retail agencies also became the focal point of water reliability as work was done to meet the Governor's mandatory reduction of 25 percent. As a result of these efforts, the Central Basin region as a whole exceeded conservation targets for the region. Central Basin recognizes that the region's success in conserving water was done thanks to its purveyors, the cities and retail agencies that continue to implement water conservation initiatives. In the year ahead, Central Basin will continue to engage its purveyors.

Increased Representation of Region

This year, Central Basin focused on increasing the breadth of communication and participation of its customers in the region's interests through monthly Purveyor Workshops. Additionally, Central Basin increased its representation

Water Reliability

at Metropolitan Water District of Southern California (MWD) to analyze regional policy developments for potential impact to the Central Basin service area.

Publication of Water Usage Information

Understanding how much water the region uses is vital to evaluate the region's current and future water needs. As part of this emphasis, Central Basin published the 2015 Annual Water Use Report which summarizes the total amount of water, by type, for each water agency in the service area. Central Basin also published the 2015 Urban Water Management Report which includes current and projected water supplies, demonstrates water reliability for future use and provides a comprehensive overview of Central Basin's programs.

Recycled Water Development Efforts

Central Basin also prioritized its efforts towards increasing recycled water sales. To this extent, Central Basin completed the Recycled Water Master Plan and began implementation of its water recycled water development strategy in May 2016 by identifying a systematic process for recycled water connections, and identifying service connections in close proximity of the recycled water system. Proposition 1 and Proposition 84 funding was secured for planning and design of the following projects: Montebello Recycled Water Pipeline, Recycled Water Storage Planning, and Gateway Cities Recycled Water Expansion Planning and Design.

Central Basin faced two main challenges with respect to its strategies in water reliability. One of these challenges was the need to bolster technical resources in Engineering & Operations. Priority was given to increase the level of skills and resources to implement a robust strategy to increase usage and build new connections. However, a delay in approval and adoption of adding additional resources caused a delay in implementing the strategy. In the year ahead, continued implementation of the recycled water development strategy will be one of the major focuses.

The second challenge was in light of increased conservation messaging and other factors, recycled water sales saw a decline of 721 AF from 5,406 AF in FY15 to 4,685 AF for FY16. Efforts across departments are currently underway to understand and address the reasons for the decline.

Water Reliability

Focus Ahead

- ❖ Central Basin will fully implement a recycled water development strategy and focus on increasing recycled water sales
- ❖ Central Basin will continue to engage its purveyors using various platforms, such as workshops
- ❖ Central Basin will remain focus on expanding water conservation by increasing local partnerships and implementing grant programs
- ❖ Central Basin will coordinate water replenishment deliveries with the Water Replenishment District, Los Angeles County Flood Control and Metropolitan Water District of Southern California
- ❖ Central Basin will continue to monitor future trends in potable water demands

Financial Integrity

Central Basin will manage its financial resources in a responsible, effective, and transparent fashion.

Strategies

- ❖ Provide transparent and regular financial reporting
- ❖ Increase our success rate for grants and incentives.
- ❖ Ensure there is adequate capital to support Central Basin's goals

One of the values that resonates with Central Basin's second strategic goal, Financial Integrity, is accountability. Fiscal Year 2015-2016 proved Central Basin was to be tested in demonstrating accountability for managing its financial resources in a responsible, effective and transparent manner. Central Basin surpassed the test and embraced the challenge as an opportunity to implement transparent, communicative financial policies while positioning itself to address short-term and long-term financial conditions. This year, Financial Integrity was marked by:

- Increased transparent and improved financial reporting;
- Introduction of long-term financial planning;
- Development of internal grants management processes; and
- Efforts to ensure Central Basin's financial capital.

Increased Transparent and Improved Financial Reporting

Central Basin continued its efforts to increase transparent and improved financial reporting through increased disclosure in its monthly financial and treasury reports and the development of tools for accurate water sales. As part of these efforts, Central Basin's Comprehensive Annual Financial Report (CAFR) was published with no findings. It also met the requirements for continued recognition by the Government Finance Officers Association of America (GFOA) Certificate of Achievement for Excellence in Financial Reporting.

Additionally, the Board of Directors adopted a new Procurement Code (Administrative Code Part 5) to ensure industry and legal best practices and to address all recommendations of the State Audit conducted in 2015. The objective of transparent and improved financial reporting was also met with the completion of a comprehensive review and analysis of the FY 2016-2017 Annual Budget that was approved in May 2016.

Financial Integrity

Long-Term Financial Planning

Of major importance for this year was long-term financial planning and positioning Central Basin to effectively meet financial goals that have long-term impacts. In October 2015, the District awarded a contract to Raftelis Financial Consultants for the development of the Five-Year Financial Forecast. The forecast was completed and presented to the Board of Directors in June 2016 and served as an opportunity for increased education among the Board regarding Central Basin's financial position and the necessity to adhere to debt coverage requirements. The Five-Year Forecast was premised in part of the inclusion of Central Basin's first published Five-Year Annual Capital Improvement Plan.

Also in June, Central Basin acted in public session to amend its contract with Raftelis for the development of a water rate study. It is expected that alteration to the District's rates and charges to consistently achieve debt coverage requirements will be a foundation of the five-year projection of financial activity that will be included in the District's pending Preliminary Official Statement for refinancing of its Certificates of Participation (COPs) debt issued in 2010. The bond sale of the COPs was rescheduled during the year and is the primary financial objective to achieve in the first half of FY 2016-2017. Central Basin continues an open dialogue regarding the 2010 COPs with its Board and purveyors to ensure the bond sale is completed by October 2016.

Refinancing the 2010 COPs is one of the most important financial pursuits for Central Basin in the new year. An influencing factor is the diminishing of revenue associated with Central Basin's Local Resource Program in FY 2018. The Program hinges on expiring agreements established with MWD pertaining to recycled water sales. As such, a revenue decrease of approximately \$1 million will occur in FY 2018. Currently, Central Basin is working with MWD to modify the expiring agreements and to create new agreements.

Development of Internal Grants Management Processes

Another key focus in addition to long-term financial planning was the development of internal grants management processes to ensure effective grants administration. This year, internal process and systems were established to increase grant funding opportunities at the federal and state levels. ECivis and Townsend Public Affairs were retained to provide professional grant consulting services. Additionally, an increased push to collect reimbursements due to Central Basin for prior years' grants activity continues.

Financial Integrity

Central Basin's focus included implementation of a more robust grants management team and system to secure state, federal and other alternative funding.

Efforts to ensure Central Basin's Financial Capital

A critical objective for the fulfillment of this strategy is the significant progress made toward refinancing of the District's 2010 COPs, as discussed above in the Long-Term Financial Planning section. The refinancing is scheduled to execute in October 2016 so as to eliminate the "ballooning" of debt service payments that commence in July 2017.

Early in the Fiscal Year, the District modified its collection procedures to recapture under-billed Readiness-To-Serve (RTS) charges. The RTS functions as a pass-through with the MWD. Central Basin staff identified that collection from its customers did not match that paid to MWD in Fiscal Year 2015. The under collection was remedied in FY 2016.

In April 2015, Central Basin adopted its Reserves Policy. Publication of the FY 2015 CAFR evidenced use of discrete categorization of these designations. Preparation of the FY 2017 Budget offered further application of the Policy to financial planning activities.

In December 2015, the Board adopted Central Basin's first Debt Management Policy. The Policy provides guidance on the full range of debt management, including evaluating debt issuance options; maintaining appropriate assets for present and future needs; promoting sound financial management through staff reporting requirements; protection of Central Basin's credit rating; and adherence to the legal use of Central Basin's financing authority through internal controls.

Central Basin's primary focus in the year ahead will be continued improvement of its financial stability including the refinancing of its bonds and establishing a new Local Resource Program agreement with MWD.

Financial Integrity

Focus Ahead

- ❖ Central Basin will continue to improve its financial stability by completing a long – range financial plan and water rate study in the fall of 2016
- ❖ Central Basin will further provide financial security by refinancing its bonds
- ❖ Central Basin will establish a new Local Resource Program agreement with MWD
- ❖ Central Basin will focus on acquiring and managing grants for the southeast Los Angeles region

Stewardship

Central Basin will act as responsible stewards of human and capital resource assets.

Strategies

- ❖ Ensure staffing levels and skills are adequate to meet Central Basin's needs
- ❖ Cultivate a support work culture of camaraderie, teamwork, high work ethic, and collegiality
- ❖ Ensure Central Basin maintains appropriate insurance coverage levels at most competitive pricing levels

Central Basin's third strategic goal is Stewardship. Central Basin will act as responsible stewards of human and capital resources assets. The ability to meet the water needs of the region rests on its ability to manage as wisely as possible its human, financial, capital and environmental resources. Each of these essential functions must be performed with the highest levels of professionalism and expertise, customer service, internal controls, and efficiency. This year, Stewardship was accomplished in a three-pronged approach through

- Adoption of transparency initiatives, policies and procedures;
- Implementation of a workforce planning strategy in Engineering and Water Resources and increased efforts in training; and
- Utilization of technology and workflow improvements.

Central Basin made significant progress in its strategies towards Stewardship, despite significant challenges pertaining to staff's time and the risk of not securing Employment Practices and Director's & Officers insurance.

Adoption of Transparency Initiatives, Policies and Procedures

The major focus the first year of the Strategic Plan was the adoption of transparency initiatives, policies and procedures. Starting in July 2015 and throughout Fiscal Year 2015-2016, the Board approved and adopted revisions to the Administrative Code. The revisions included significant changes to Part 1, General Provisions; Part 2, Administration; Part 3, Human Resources; Part 4, Investment Policy; Part 5, Procurement Code; and Part 7, Records Management. Changes in the Administrative Code were a part of Central Basin's efforts to address 26 of the 32 recommendations provided by the State Audit.

The implementation of the State Audit recommendations strengthened Central Basin's transparency initiatives as evidenced by the implementation of the Ethics Policy and Independent Ethics hotline. Central Basin now has a one of the kind, and the first in the nation Ethics Policy and Independent Ethics hotline which offers a fully independent process for reviewing ethical complaints. These actions have improved transparency and accountability with respect to Central Basin's governance and operations.

Stewardship

Strategies

- ❖ Use technology and workflow improvements to streamline operations for Central Basin
- ❖ Document Central Basin's policies and procedures

Central Basin's adoption of transparency initiatives was recognized by the Special District Leadership Foundation (SDLF) with the Transparency Certificate of Excellence in recognition of its efforts to promote transparency and good governance. SDLF is an independent, non-profit organization formed to promote good governance and best practices among California's special districts through certification, accreditation and other recognition programs. Special districts who receive this award must demonstrate their capacity to meet and exceed several requirements from categories such as governance, website and outreach. As part of governance, a special district must conduct ethics training for all board members, properly conduct open and public meetings, and file financial reports with the State Controller. Under the website requirement, a special district is required to provide access to items such as board agendas and minutes, budget reports and financial audits. Last, for the outreach requirement, a special district must demonstrate its effort to engage the public through a special community engagement project or public budget hearing.

Implementation of a Workforce Planning Strategy in Engineering & Water Resources and Increased Efforts in Training

Another focus this year was the implementation of a workforce planning strategy in Engineering and Water Resources. The successful recruitment and hiring of a Water Resources Specialist and a Principal Water Resources Specialist (a part-time retired annuitant) contributed to achieving the objectives in Water Reliability. In the Engineering function, Central Basin added an Assistant Engineer, Engineering & Operations Intern, and Recycled Water Development Specialist to provide the necessary resources for implementation the Recycled Water Development Strategy and to meet the demands of operations.

Training for the Board of Directors and staff was an important aspect of Central Basin's progress on the Strategic Plan. Brown Act training and media relations training were provided to the Board and staff in addition to training of new policies and procedures. Cross training of interdepartmental staff also supported the implementation of the Strategic Plan. During the year, staffing needs and shortages were met with cross training of staff from Administration & Board Services, Finance, Human Resources, Engineering and Technology

In Fiscal Year 2016-2017, Central Basin will continue its professional development efforts with Project Management training for all staff, implementation of Project Management processes and principles as well as training and orientation of potential new Board members.

Stewardship

Utilization of Technology and Workflow Improvements

The utilization of technology and workflow improvements was the third major focus in Stewardship. Last year, Central Basin implemented a Data Flow Systems (DFS) Supervisory Control and Data Acquisition (SCADA) system and this year began moving over its Geographical Information Systems (GIS) to ESRI's online platform. Focus on continued development of the GIS System is an objective for the year ahead.

Another workforce improvement objective completed was in Central Basin's electronic records management system. The use of the electronic records management system will streamline continued efforts to complete a full transition to electronic records. The focus in the new year will be to transition all records from the last five years electronically.

Another major focus with respect to technology and workforce improvements will be the development and implementation of Risk Management Program and Emergency Preparedness Programs.

Challenges to Reaching Stewardship Objectives

Central Basin's accomplishments towards its Stewardship goal were also met with significant obstacles. One of them was the demands of staff's time to complete the State Audit the first half of Fiscal Year 2015-2016 while continuing to meet the daily operations of Central Basin. Countless staff hours were used to meet and address inquiries by the State Audit which covered Board leadership, contracting and expenditure policies, and hiring and compensation procedures. The State Audit was published on December 3, 2015, and within six months, the District addressed 82% of the State Auditors recommendations, ahead of schedule. Central Basin anticipates that all recommendations will be addressed by the end of 2016.

Lastly, the most significant challenge faced by Central Basin in relation to its Stewardship goal was the need to secure Employment Practices (EPL) and Director's & Officers (D&O) insurance for Fiscal Year 2016-2017. D&O coverage is in place to protect the directors and officers of the District should they personally be named in a lawsuit while serving on behalf of the District. EPL coverage is also secured to provide defense and indemnification from claims and lawsuits stemming from wrongful termination, harassment, and/or discrimination. Central Basin began the process of requesting reentry to Association of California Water Agencies Joint Powers Insurance Authority's (ACWA/JPIA's) insurance pools in January 2016. At the May 2016 Board meeting, ACWA/JPIA postponed the decision of Central Basin's

Stewardship

request for reinstatement to December 2016. In lieu of ACWA/JPIA, Central Basin secured a policy that provides both D&O and EPL coverage with limits up to \$1M aggregate limit for Fiscal Year 2016-2017 through the private market.

Resolving litigation and building safeguards to minimize liability has better positioned Central Basin to secure D&O and EPL coverage through the private market, ACWA/JPIA or the Special District Risk Management Authority (SDRMA). Four of five cases that were opened in 2015 have now been closed. Central Basin will continue to work steadfast in Fiscal Year 2016-2017 to ensure that all required insurance coverages are secured at the most competitive rates through the implementation of its insurance strategy.

Focus Ahead

- ❖ Central Basin will provide Project Management training for all staff and implement a Project Management process and principles
- ❖ Central Basin will develop and implement a Risk Management Program and Emergency Preparedness Program
- ❖ Central Basin will conclude one remaining lawsuit by December 31, 2016
- ❖ Central Basin will complete the implementation of its Electronic Document Management System
- ❖ Central Basin will provide training and orientation to potential new Board Members

Communications

Central Basin will proactively engage, listen to, inform, and respond to its customers, purveyors, community leaders, stakeholders, and employees.

Strategies

- ❖ Develop and implement a legislative strategy
- ❖ Provide leadership to increase collaboration and partnerships with cities and agencies
- ❖ Increase participation in Central Basin's educational programs (reach 33,000 participants for all programs by 2020)

The fourth goal Central Basin's Strategic Plan is Communications. Central Basin will proactively engage, inform, and respond to its customers, purveyors, community leaders, and employees. In order to accomplish this goal, Central Basin continues to focus on its partnerships with its purveyors, MWD, elected officials, other water industry leaders, and its employees to advance its mission. Open and ongoing engagement with stakeholders that exemplify Central Basin's values of integrity, collaboration, customer service, responsiveness, accountability and innovation are the foundation for effective implementation of this Plan. This year the goal of Communications can be summarized by:

- Improved relations with the Central Basin legislative delegation;
- Increased participation in environmental education programs;
- Continued engagement for Central Basin stakeholders; and
- Enhanced strategic communications and media relations.

Improved Relations with the Central Basin Legislative Delegation

A major focus this year has been the potential impact of legislation on Central Basin's governance. For several months, Central Basin has collaborated with the Legislature and its purveyors to support Central Basin's water supply management role in the region. Two important pieces of legislation that Central Basin has provided ongoing input are Senate Bill 953 by Senator Ricardo Lara and Assembly Bill 1794 by Assembly Member Cristina Garcia. Both bills would implement changes to the District's governance structure and were introduced to address a recommendation by the State Auditor to the Legislature. Central Basin has remained committed to working with the Legislature and its purveyors to ensure that the reforms that have been enacted and implemented prior to and during the Audit period continue in force for years to come.

As part of the objective to strengthen relations with the Legislature, Central Basin has communicated consistently with elected officials and legislative staff. During the year, Central Basin conducted a Federal Advocacy trip in February 2016, and met our state legislators in Sacramento on several occasions, and hosted the Water 101 Legislative Forum. Additionally, this year, Central Basin has continued its participation at the MWD

Communications

Strategies

- ❖ Foster and build effective relationships with media
- ❖ Provide support for water outreach issues to the community
- ❖ Increase positive awareness of Central Basin within the water industry

Communications and Legislation Committee, as part of the Legislative Planning Group, and in Bi-monthly Legislative Coordinators Conference Calls as well as participation at the Association of California Water Agencies (ACWA). A Board workshop on legislative strategy that was rescheduled for next year will be part of the efforts to continue discussion of its legislative priorities with the Board at its Regular Board meetings.

Increased Participation within Education Programs

Central Basin's environmental education programs serve as a key opportunity to engage with our stakeholders in our service area. Each year, students throughout the Central Basin service area enhance their knowledge of water and the importance of implementing environmentally sound practices around their homes and schools through Think Watershed and Think Earth/Think Water It's Magic. Think Watershed is a partnership of environmental stakeholders in Southern California interested in creating and implementing a watershed education program for grades 4 -6 utilizing the Los Angeles County Office of Education's Floating Lab. Think Earth/Think Water It's Magic, a collaborative program between the District and the Think Earth Environmental Education Foundation, uses an award-winning curriculum and magic shows to teach elementary school students about their environment. In FY2015-2016, Central Basin increased its student participation in Think Watershed by 40 percent, from 1,225 to 2,030 students. For Think Earth/Think Water It's Magic, student participation went from 6,422 to 8,663, an increase of 26 percent.

Continued Engagement for Central Basin Stakeholders

Ongoing engagement with Central Basin stakeholders is at the core of achieving the Communications objectives set in the Strategic Plan. This year was no exception to Central Basin's continued commitment to build and foster ongoing collaboration with purveyors, community leaders, elected representatives and leaders in the water industry. To this extent, Central Basin hosted the Central MWD Caucus meetings. A joint partnership between Central Basin and Upper San Gabriel Valley Municipal Water District, the Central MWD Caucus brings together industry leaders and local, state and federal representatives to discuss regional water issues.

For Central Basin, continued engagement has also translated into providing leadership to increase collaboration and partnerships in the region. This year, Central Basin continued to take an active role at regional agency meetings such as the Central Basin Water Association (CBWA) and the Gateway Water Management Authority (GWMA). Additionally, Central Basin

Communications

increased its collaboration with local elected leaders' offices to provide drought responses and information for their constituents. Messaging on the drought was also disseminated through monthly conservation working group meetings.

Ongoing engagement was also critical at the community level this year. Central Basin conducted four MWD Inspection Trips and four Central Basin Water Education Tours. A total of 41 community presentations were provided ranging from Speaker's Bureaus, gardening classes, drought training and forums. Lastly, Central Basin participated in 27 community outreach events and conducted a Business H2O forum for vendors who wish to learn more about business opportunities with Central Basin and MWD.

Enhanced Strategic Communications and Media Relations

A key objective of increasing positive awareness of Central Basin was supported by efforts to improve messaging and relations with the media. A considerable challenge for Central Basin in recent years was the prevalence of negative and inaccurate media stories. To resolve this challenge, Central Basin adopted a Strategic Communications Plan to identify effective messages, key audiences and strategies to appropriately reach these key audiences. The Strategic Communications Plan incorporates all aspects of communications that is distributed to external audiences including residents, purveyors, media, elected officials, other water industry agencies and organizations, and other stakeholder organizations in our service area.

Also key towards improved communications was refocused efforts to engage with stakeholders via social media and the Central Basin website. One of the challenges faced in the Communications goals was a need to reschedule the new website from January to later in the year. In June 2016, Central Basin's redesigned website was launched. The website features a more user-friendly interface that focuses on transparency, accountability, and innovation. The increased efforts to engage with stakeholders through social media has elicited positive results such as an increase in followers on Twitter and Facebook.

The focus ahead in the new year includes sustained efforts to increase positive awareness of Central Basin through the ongoing implementation of Strategic Communications Plan, further strengthening relations with members of the Central Basin legislative delegation, increasing participation in Central Basin's environmental education programs and continuing to provide stakeholders with water awareness programs and resources.

Communications

Focus Ahead

- ❖ Central Basin will maintain sustained efforts to increase positive awareness of the District by:
 - ❖ Implementing its Strategic Communications Plan
 - ❖ Strengthening relationships with members of the Central Basin delegation
 - ❖ Increasing Central Basin education programs
 - ❖ Continue providing stakeholders with water awareness programs and resources

Conclusion and Lessons Learned

Fiscal Year 2015-2016 was a year of accomplishments as Central Basin worked to advance each of its four goals in its Strategic Plan: Water Reliability, Financial Integrity, Stewardship, and Communications. A year of progress and challenges turned to opportunities, FY2015-2016 was also a year of learning valuable lessons to continue execution of the Strategic Plan (the Plan). When Central Basin staff was asked the lessons learned throughout the implementation of the Plan, three themes resonated across departments: Accountability at all levels – without it we will fail; continued collaboration between teams, departments, and agencies for the region; and continued refinement of an evolving Plan.

The implementation of the Plan required Central Basin to demonstrate accountability from its Board and staff. Central Basin made progress in advancing the goals of the Plan in large part due to the Board that worked together as one body to set the goals and framework of the Plan. The ability of the Board to come together in a time of uncertainty and significant challenges served to invigorate staff to implement the objectives of the Plan. Staff was held accountable through required quarterly updates and the identification of key performance measures to achieve the Plan. Accountability also took a team approach. Staff across departments did not allow others to fail, instead team members from different departments pitched in to provide the necessary time and effort to meet an objective.

Accountability was at the forefront of the implementation of the Plan just as much as continued communications and collaboration. Effective communications within departments, and across departments will continue to enable Central Basin to be more efficient and responsive to its customers.

Communications also expanded across the region. This year proved to be a year of ongoing communications with our residents, purveyors, the Central Basin legislative delegation, and other vital community stakeholders. Central Basin has now taken a regional approach to meeting the needs of the service area with inter-agency collaborations as evidenced with the development of multi-agency projects.

Accountability and effective communications were the necessary tools to have a clear understanding of Central Basin priorities and will serve as cornerstones for the refinement of an evolving Plan. As Central Basin enters its second year of the Plan, it will be more critical to continue refinement of the objectives under the guidance of the General Manager and pursuant to the goals established by the Board. In that the Plan is a living document and describes the objectives of an agency that is also progressing, the relevancy of objectives will be routinely discussed, with changes to objectives encouraged. As some objectives are completed, new objectives may be added to better address the second year of the Plan's implementation.

We remain committed to providing the highest levels of service to our customers and the 1.6 million residents in the region through continued service. We know that service will translate to continued financial stability, which will translate to water sustainability and reliability for future generations in the Central Basin service area. FY2016-17 will serve as the second year of continued progress at Central Basin through adherence to the mission, values and goals of the District and through steadfast implementation of the Plan.

Table 1. Special District Annual Report — Fiscal Year 2011-12 — (continued)
General Information: Revenues, Expenditures, Debt and Appropriations Limits by
Special District in Alphabetical Order

| Name of Special District | Principal County | Type Code (a) | Gov Body (b) | Activity | Total Revenues | Total Expenditures | Total Debt | Appropriations Limit | Total Annual Appropriations Subject to Limit |
|---|------------------|------------------|-----------------|--------------------------------------|----------------|--------------------|------------|----------------------|--|
| Cemetery District No. 2 — (continued) | Sierra | 4. | O | — | — | — | — | \$ — | \$ — |
| — | — | — | — | Cemetery | \$ 4,393 | \$ 5,289 | \$ — | — | — |
| Cemetery District No. 3 | Sierra | 4. | O | — | — | — | — | — | — |
| — | — | — | — | Cemetery | 7,188 | 4,072 | — | — | — |
| Cemetery District No. 5 | Sierra | 4. | O | — | — | — | — | — | — |
| — | — | — | — | Cemetery | 7,938 | 18,310 | — | — | — |
| Cemetery District of the Redwoods | Mendocino | 4. | O | — | — | — | — | — | — |
| — | — | — | — | Cemetery | 98,815 | 70,540 | — | — | — |
| Center for Advanced Research and Technology | Fresno | 50. | O | — | — | — | — | — | — |
| — | — | — | — | Governmental Services | 3,273,730 | 3,723,269 | 1,176,597 | — | — |
| Center for Staff Development | Solano | 50. | O | Inactive | — | — | — | — | — |
| Centerville Community Services District | Shasta | 5.1 | O | — | — | — | — | — | — |
| — | — | — | — | Water Enterprise | 927,547 | 1,006,159 | 330,988 | — | — |
| Centinella Water District | Merced | 41. | O | — | — | — | — | — | — |
| — | — | — | — | Water Enterprise | 494 | — | — | — | — |
| Central Basin Municipal Water District | Los Angeles | 44. | O | — | — | — | — | — | — |
| — | — | — | — | Water Enterprise | 49,122,331 | 52,673,639 | 58,167,469 | — | — |
| Central Calaveras Fire and Rescue Protection District | Calaveras | 7. | O | — | — | — | — | — | — |
| — | — | — | — | Fire Protection | 393,451 | 449,719 | — | — | — |
| Central California Irrigation District | Merced | 52. | O | — | — | — | — | — | — |
| — | — | — | — | Water Enterprise | 12,807,930 | 12,487,706 | — | — | — |
| Central California Mortgage Authority | Stanislaus | 50. | O | Inactive | — | — | — | — | — |
| Central California Tristeza Eradication Agency | Tulare | 50. | O | — | — | — | — | — | — |
| — | — | — | — | Pest Control | 1,539,824 | 1,655,971 | — | — | — |
| Central California Vector Control Joint Powers Agency | Madera | 50. | O | — | — | — | — | — | — |
| — | — | — | — | Self Insurance | 56,046 | 64,992 | — | — | — |
| Central Coast Water Authority | Santa Barbara | 50. | O | — | — | — | — | — | — |
| — | — | — | — | Water Enterprise | 18,038,658 | 14,558,989 | 91,020,000 | — | — |
| Central Contra Costa Sanitary District (Contra Costa) | Contra Costa | 30.1 | O | — | — | — | — | 80,226,515 | 6,436,915 |
| — | — | — | — | Waste Disposal Enterprise | 87,866,024 | 87,394,621 | 48,227,238 | — | — |
| Central Contra Costa Transit Authority | Contra Costa | 50. | O | — | — | — | — | — | — |
| — | — | — | — | Transit Enterprise | 24,708,278 | 29,086,296 | — | — | — |
| — | — | — | — | Transit Enterprise | 5,170,149 | 5,943,044 | — | — | — |
| Central Delta Water Agency | San Joaquin | 45.30 | O | — | — | — | — | — | — |
| — | — | — | — | Flood Control and Water Conservation | 1,394,139 | 1,056,943 | — | — | — |
| Central Fire Protection District (Santa Clara) | Santa Clara | 7. | S | — | — | — | — | — | — |
| — | — | — | — | Fire Protection | 92,426,891 | 94,786,147 | 1,671,585 | — | — |
| Central Fire Protection District (Santa Cruz) | Santa Cruz | 7. | O | — | — | — | — | 24,486,402 | 12,100,050 |
| — | — | — | — | Fire Protection | 13,275,452 | 12,652,618 | 5,943,585 | — | — |
| Central Marin Sanitation Agency | Marin | 50. | O | — | — | — | — | — | — |
| — | — | — | — | Waste Disposal Enterprise | 15,354,153 | 15,753,347 | 61,640,000 | — | — |
| Central Modoc Resource Conservation District | Modoc | 36.1 | O | — | — | — | — | — | — |
| — | — | — | — | Resource Conservation | 95,818 | 116,645 | — | — | — |
| Central Plumas Recreation District | Plumas | 27.1 | O | — | — | — | — | 834,966 | — |

(a) Refers to type code description in Appendix A

(b) Governing Body: S=County Board of Supervisors; C=City Council; O=Other

1996

Voter Approval for Local Government Taxes. Limitations on Fees, Assessments, and Charges.

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**Voter Approval for Local Government Taxes.
Limitations on Fees, Assessments, and Charges.
Initiative Constitutional Amendment.**

Official Title and Summary Prepared by the Attorney General

**VOTER APPROVAL FOR LOCAL GOVERNMENT TAXES.
LIMITATIONS ON FEES, ASSESSMENTS, AND CHARGES.
INITIATIVE CONSTITUTIONAL AMENDMENT.**

- Limits authority of local governments to impose taxes and property-related assessments, fees, and charges. Requires majority of voters approve increases in general taxes and reiterates that two-thirds must approve special tax.
- Assessments, fees, and charges must be submitted to property owners for approval or rejection, after notice and public hearing.
- Assessments are limited to the special benefit conferred.
- Fees and charges are limited to the cost of providing the service and may not be imposed for general governmental services available to the public.

**Summary of Legislative Analyst's
Estimate of Net State and Local Government Fiscal Impact:**

- Short-term local government revenue losses of more than \$100 million annually.
 - Long-term local government revenue losses of potentially hundreds of millions of dollars annually.
 - Local government revenue losses generally would result in comparable reductions in spending for local public services.
-

Analysis by the Legislative Analyst

OVERVIEW

Local governments provide many services to people and businesses in their communities. To pay for these services, local governments raise revenues by imposing fees, assessments, and taxes. This constitutional measure would make it more difficult for local governments to raise these revenues. As a result, this measure would:

- Reduce the amount of fees, assessments, and taxes that individuals and businesses pay.
- Decrease spending for local public services.

PROPOSAL

This measure would constrain local governments' ability to impose fees, assessments, and taxes. The measure would apply to all cities, counties, special districts, redevelopment agencies, and school districts in California.

Fees

Current Practice. Local governments charge fees to pay for many services to their residents. Some of these fees pay for services to property, such as garbage collection and sewer service. Fees are also called "charges."

Local governments often establish several fee amounts for a service, each based on the approximate cost of providing the service to different types of properties (such as commercial, industrial, or residential property). Local governments usually send monthly bills to property owners to collect these fees, although some fees are placed on the property tax bill. Local governments generally hold public hearings before creating or increasing such a fee, but do not hold elections on fees.

Proposed Requirements for Property-Related Fees. This measure would restrict local governments' ability to charge "property-related" fees. (Fees for water, sewer, and refuse collection service probably meet the measure's definition of a property-related fee. Gas and electric fees and fees charged to land developers are specifically exempted.)

Specifically, the measure states that *all* local property-related fees must comply by July 1, 1997, with the following restrictions:

- No property owner's fee may be more than the cost to provide service to that property owner's land.
- No fee may be charged for fire, police, ambulance, library service, or any other service widely available to the public.
- No fee revenue may be used for any purpose other than providing the property-related service.
- Fees may only be charged for services immediately available to property owners.

In addition, the measure specifies that before adopting a *new* property-related fee (or increasing an *existing* one), local governments must: mail information about the fee to every property owner, reject the fee if a majority of the property owners protest in writing, and hold an election on the fee (unless it is for water, sewer, or refuse collection service).

Taken together, these fee restrictions would require local governments to reduce or eliminate some existing fees. Unless local governments increased taxes to replace these lost fee revenues, spending for local public services likely would be decreased. The measure's requirements would also expand local governments' administrative workload. For example, local governments would have to adjust many property-related fees, potentially (1) setting them on a block-by-block or parcel-by-parcel basis and (2) ending programs that allow low-income people to pay reduced property-related fees. Local governments would also have to mail information to every property owner and hold elections.

Assessments

Current Practice. Local governments charge assessments to pay for projects and services that benefit specific properties. For example, home owners may pay assessments for sidewalks, streets, lighting, or recreation programs in their neighborhood. Assessments are also called "benefit assessments," "special assessments," "maintenance assessments," and similar terms. Local governments typically place assessment charges on the property tax bill.

To create an assessment, state laws require local governments to determine which properties would benefit from a project or service, notify the owners, and set assessment amounts based on the approximate benefit property owners would receive. Often, the rest of the community or region also receives some general benefit from the project or service, but does not pay a share of cost. Typical assessments that provide general benefits include fire, park, ambulance, and mosquito control assessments. State laws generally require local governments to reject a proposed assessment if more than 50 percent of the property owners protest in writing.

Some local governments also levy "standby charges," which are similar to assessments. Standby charges commonly finance water and sewer service expansions to new households and businesses. (The measure treats standby charges as assessments.)

Proposed Requirements for Assessments. This measure would place extensive requirements on local governments charging assessments. Specifically, the measure requires all *new* or *increased* assessments—and some *existing* assessments—to meet four conditions.

- First, local governments must estimate the amount of "special benefit" landowners receive—or would receive—from a project or service. Special benefit is defined as a particular benefit to land and buildings, not a general benefit to the public at large or a general increase in property values. If a project provides both special benefits *and* general benefits, a local government may charge landowners only for the cost of providing the special benefit. Local government must use general revenues (such as taxes) to pay the remaining portion of the project or service's cost. In some cases, local government may not have sufficient revenues to pay this cost, or may choose not to pay it. In these cases, a project or service would not be provided.

- Second, local governments must ensure that no property owner's assessment is greater than the cost to provide the improvement or service to the owner's property. This provision would require local governments to examine assessment amounts in detail, potentially setting them on a parcel-by-parcel or block-by-block basis.
- Third, local governments must charge schools and other public agencies their share of assessments. Currently, public agencies generally do not pay assessments.
- Finally, local governments must hold a mail-in election for each assessment. Only property owners and any renters responsible for paying assessments would be eligible to vote. Ballots cast in these elections would be weighted based on the amount of the assessment the property owner or renter would pay. For example, if a business owner would pay twice as much assessment as a homeowner, the business owner's vote would "count" twice as much as the homeowner's vote.

Figure 1 summarizes the existing assessments that would be exempt from the measure's requirements. We estimate that more than half of all existing assessments would qualify for an exemption. All other existing assessments must meet the measure's requirements—including the voter approval requirement—by July 1, 1997.

Figure 1

Existing Assessments Exempt from the Measure's Requirements

- Assessments previously approved by voters—or by all property owners at the time the assessment was created.
- Assessments where all the funds are used to repay bond obligations.
- Assessments where all the funds are used to pay for sidewalks, streets, sewers, water, flood control, drainage systems or, "vector control" (such as mosquito control).

Taxes

Current Practice. Local governments typically use taxes to pay for general government programs, such as police and fire services. Taxes are "general" if their revenues can be used to pay for many government programs, rather than being reserved for specific programs. Proposition 62—a statutory measure approved by the voters in 1986—requires new local general taxes to be approved by a majority vote of the people. Currently, there are lawsuits pending as to whether this provision applies to cities that have adopted a local charter, such as Los Angeles, Long Beach, Sacramento, San Jose, and many others.

Proposed Requirements for Taxes. The measure states that all *future* local general taxes, including those in cities with charters, must be approved by a majority vote of the people. The measure also requires *existing* local general taxes established after December 31, 1994, without a vote of the people to be placed before the voters within two years.

Other Provisions

Burden of Proof. Currently, the courts allow local governments significant flexibility in determining fee and assessment amounts. In lawsuits challenging property fees and assessments, the taxpayer generally has the "burden of proof" to show that they are not legal. This measure shifts the burden of proof in these lawsuits to local government. As a result, it would be easier for taxpayers to win lawsuits, resulting in reduced or repealed fees and assessments.

Initiative Powers. The measure states that Californians have the power to repeal or reduce any local tax, assessment, or fee through the initiative process. This provision broadens the existing initiative powers available under the State Constitution and local charters.

FISCAL IMPACT

Revenue Reductions

Existing Revenues. By July 1, 1997, local governments would be required to reduce or repeal existing property-related fees and assessments that do not meet the measure's restrictions on (1) fee and assessment amounts or (2) the use of these revenues. The most likely fees and assessments affected by these provisions would be those for: park and recreation programs, fire protection, lighting, ambulance, business improvement programs, library, and water service. Statewide, local government revenue reductions probably would exceed \$100 million annually. The actual level of revenue reduction would depend in large part on how the courts interpret various provisions of the measure. In addition, because local governments vary significantly in their reliance upon fees and assessments, the measure's impact on individual communities would differ greatly.

Within two years, local governments also would be required to hold elections on some recently imposed taxes and existing assessments. The total amount of these taxes and assessments is unknown, but probably exceeds \$100 million statewide. If voters do not approve these existing taxes and assessments, local governments would lose *additional* existing revenues.

New Revenues. The measure's restrictions and voter-approval requirements would constrain new and increased fees, assessments, and taxes. As a result, local government revenues in the future would be lower than they would be otherwise. The extent of these revenue reductions would depend on court interpretation of the measure's provisions and local government actions to replace lost revenues.

Summary of Revenue Reductions. In the short term, local government revenues probably would be reduced by more than \$100 million annually. Over time, local government revenues would be significantly lower than they would otherwise be, potentially by hundreds of millions of dollars annually. Individual and business payments to local government would decline by the same amount. In general, these local government revenue losses would result in comparable reductions in spending for local public services.

Cost Increases

Local governments would have significantly increased costs to hold elections, calculate fees and assessments,

notify the public, and defend their fees and assessments in court. These local increased costs are unknown, but could exceed \$10 million initially, and lesser amounts annually after that.

School and community college districts, state agencies, cities, counties, and other public agencies would have increased costs to pay their share of assessments. The amount of this cost is not known, but could total over \$10 million initially, and increasing amounts in the future.

For text of Proposition 218 see page 108

Voter Approval for Local Government Taxes. Limitations on Fees, Assessments, and Charges. Initiative Constitutional Amendment.

Argument in Favor of Proposition 218

VOTE YES ON PROPOSITION 218. IT WILL GIVE YOU THE RIGHT TO VOTE ON TAX INCREASES!

Proposition 218 guarantees your right to vote on local tax increases—even when they are called something else, like “assessments” or “fees” and imposed on homeowners.

Proposition 218 guarantees your right to vote on taxes imposed on your water, gas, electric, and telephone bills.

Proposition 218 does NOT prevent government from raising and spending money for vital services like police, fire and education. If politicians want to raise taxes they need only convince local voters that new taxes are really needed.

Proposition 218 simply extends the long standing constitutional protection against politicians imposing tax increases without voter approval.

After voters passed Proposition 13, politicians created a loophole in the law that allows them to raise taxes without voter approval by calling taxes “assessments” and “fees.”

Once this loophole was created, one lawyer working with politicians wrote, assessments “are now limited only by the limits of human imagination.”

How imaginative can the politicians be with assessments? Here are a few examples among thousands:

- A view tax in Southern California—the better the view of the ocean you have the more you pay.
- In Los Angeles, a proposal for assessments for a \$2-million scoreboard and a \$6-million equestrian center to be paid for by property owners.
- In Northern California, taxpayers 27 miles away from a park are assessed because their property supposedly benefits from that park.
- In the Central Valley, homeowners are assessed to refurbish a college football field.

TAXPAYERS HAVE NO RIGHT TO VOTE ON THESE TAX INCREASES AND OTHERS LIKE THEM UNLESS PROPOSITION 218 PASSES!

Proposition 218 will significantly tighten the kind of benefit assessments that can be levied.

Here are examples of why fees and assessments and other nonvoted taxes are so unfair:

- The poor pay the same assessments as the rich. An elderly widow pays exactly the same on her modest home as a tycoon with a mansion.
- There are now over 5,000 local districts which can impose fees and assessments without the consent of local voters. Special districts have increased assessments by over 2400% over 15 years. Likewise, cities have increased utility taxes 415% and raised benefit assessments 976%, a ten-fold increase.

Non-voted taxes on electricity, gas, water, and telephone services hit renters and homeowners hard.

And, retired homeowners get hit doubly hard!

To confirm the impact of fees and assessments on you, look at your property tax bill. You will see a growing list of assessments imposed without voter approval. The list will grow even longer unless Proposition 218 passes.

Proposition 218 will allow you and your neighbors—not politicians—to decide how high your taxes will be. It will allow those who pay assessments to decide if what they are being asked to pay for is worth the cost.

FOR THE RIGHT TO VOTE ON TAXES, VOTE YES ON PROPOSITION 218.

JOEL FOX

President, Howard Jarvis Taxpayers Association

JIM CONRAN

President, Consumers First

RICHARD GANN

President, Paul Gann's Citizens Committee

Rebuttal to Argument in Favor of Proposition 218

PROPOSITION 218 IS NO FALSE ALARM . . . IT HURTS

Propositions can deceive, so carefully judge who you believe.

Beware of wild claims for new “constitutional rights” and people who pretend concern about widows and orphans.

Read Proposition 218 yourself and see how large corporations, big landowners and foreign interests gain more voting power than YOU.

Promoters say you get “tax reform” . . . you may actually get serious cutbacks in local service and FEWER VOTING RIGHTS for millions of California citizens.

Sometimes we hear hysterical warnings about bad things that never occur . . . Proposition 218 is a REAL threat. On Proposition 218 consider the harm to EXISTING local services, not vague future threats:

- May reduce CURRENT funding for police, fire and emergency medical programs across California.
- Worsens SCHOOL CROWDING by making public schools pay NEW TAXES, cutting classroom teaching.
- Could eliminate LifeLine utility support for SENIORS and disabled citizens.

CONSTITUTIONAL POWER SHIFT.

Proposition 218 etches this into the state Constitution:

- Blocks 3 million Californians from voting on tax assessments. The struggling young couple renting a small home, WILL HAVE NO VOTE on the assessments imposed on the house they rent.
- Grants special land interests more voting power than average homeowners. The “elderly widow” promoters cite will be banned from voting if she is a renter, or her voting power dwarfed by large property owners.
- Gives non-citizens voting rights on your community taxes.

Proposition 218 is a great deal for wealthy special interests. But it's a bad deal for the average taxpayer, homeowner and renter.

HOWARD OWENS

Congress of California Seniors

LOIS TINSON

President, California Teachers Association

RON SNIDER

President, California Association of Highway Patrolmen

Voter Approval for Local Government Taxes. Limitations on Fees, Assessments, and Charges. Initiative Constitutional Amendment.

218

Argument Against Proposition 218

PROPOSITION 218 DILUTES VOTING RIGHTS, HURTS LOCAL SERVICES

In the disguise of tax reform, Proposition 218's Constitutional Amendment **REDUCES YOUR VOTING POWER** and gives huge voting power to corporations, foreign interests and wealthy land owners.

It cuts police, fire, library, park, senior, and disabled services and diverts funds needed for classroom-size reductions.

Read Proposition 218 carefully—it's a wolf, not a lamb!

YOU LOSE RIGHTS; CORPORATIONS, DEVELOPERS, NON-CITIZENS GAIN VOTING POWER

Section 4(e) of Proposition 218 changes the Constitution to give corporations, wealthy landowners and developers **MORE VOTING POWER THAN HOMEOWNERS**. It lets large outside interests control community taxes—against the will of local citizens.

EXAMPLE: An oil company owns 1000 acres, you own one acre; the oil corporation gets 1000 times more voting power than you.

While Prop. 218 gives voting power to outside interests, Section 4(g) denies voting rights to more than 3,000,000 California renters.

Reducing American citizens' Constitutional rights, it grants voting rights to corporations and absentee landowners—even foreign citizens.

EXAMPLE: A shopping center owned by a foreign citizen is worth 100 times as much as your home; that person gets 100 times more voting power than you!

Every citizen should have the right to vote if a community is voting on local assessments for police, fire, emergency medical and library programs. It's unfair to give voting power to non-citizens, big landowners and developers, yet deny it to millions of Californians.

MAY CUT LOCAL POLICE, FIRE PROTECTION

Section 6(b)(5) eliminates vital funding sources for local police, fire, emergency medical and library services.

Proposition 218 goes too far—may forbid emergency assessments for earthquakes, floods and fires.

Don't handcuff police and firefighters. The California Police Chiefs Association, Fire Chiefs Association and California Professional Firefighters ask you to vote NO.

The impartial Legislative Analyst's report shows how Proposition 218 could impede LifeLine support for the elderly and disabled. It prohibits seniors and disabled from receiving needed utility services unless they pay all costs themselves.

Proposition 218 cuts more than \$100 million from local services, yet wastes tens of millions each year by changing the Constitution to require 5,000 local elections even if local citizens don't want an election . . . even if the election cost is more than the potential revenue.

MAKES SCHOOL CROWDING WORSE

California teachers oppose Proposition 218 because Section 4(a) imposes a new tax on public school property, diverting millions from classroom programs to pay for non-school expenses.

California already has the most crowded classrooms in America (dead last of 50 states). Proposition 218 makes school crowding worse.

SHELL GAME

This measure takes a few good ideas, but twists and perverts them. It cripples the best local services and puts more power into the hands of special interests and non-citizens.

Proposition 218 goes too far. Assessment laws **DO** need improvement, but Proposition 218 is the wrong way to do it. It does more harm than good, restricting our voting rights, hurting schools, seniors and public safety programs.

Please vote NO on Proposition 218.

FRAN PACKARD

President, League of Women Voters of California

CHIEF RON LOWENBERG

President, California Police Chiefs' Association

CHIEF JEFF BOWMAN

President, California Fire Chiefs' Association

Rebuttal to Argument Against Proposition 218

Arguments against Proposition 218 are misleading and designed to confuse voters. In truth:

1. Proposition 218 expands your voting rights. It **CONSTITUTIONALLY GUARANTEES** your right to vote on taxes.
2. Under Proposition 218, only California registered voters, including renters, can vote in tax elections. Corporations and foreigners get no new rights.
3. Current law already allows property owners, including nonresidents, to act on property assessments based on the assessment amount they pay. This is **NOT** created by Proposition 218.
4. "Lifeline" rates for elderly and disabled for telephone, gas, and electric services are **NOT** affected.
5. Proposition 218 allows voter approved taxes for police, fire, education.

Proposition 218 simply gives taxpayers the right to vote on axes and stops politicians' end-runs around Proposition 13.

That's why ordinary taxpayers, seniors, parents, homeowners, renters, consumer advocates, support Proposition 218.

Under Proposition 218, officials must convince taxpayers that tax increases are justified. Politicians and special interest groups don't like this idea. But they can't win by saying "taxpayers should not vote on taxes," so they use misleading statements to confuse a simple question.

That question: **DO YOU BELIEVE TAXPAYERS SHOULD HAVE THE RIGHT TO VOTE ON TAXES?** If you answered "yes", **VOTE YES ON PROPOSITION 218.**

Read the nonpartisan, independent **SUMMARY** by the Attorney General, which begins "VOTER APPROVAL FOR LOCAL GOVERNMENT TAXES." And, by all means read your property tax bill, due out now. Then you'll know the truth.

FOR THE RIGHT TO VOTE ON TAXES, VOTE YES ON PROPOSITION 218!

CAROL ROSS EVANS

Vice-President, California Taxpayers Association

FELICIA ELKINSON

Past President, Council of Sacramento Senior Organizations

LEE PHELPS

Founder, Alliance of California Taxpayers and Involved Voters (ACTIV)

computed as if the taxpayer was a resident for all prior years.

(e) There shall be imposed for each taxable year upon the taxable income of every estate, trust, or common trust fund taxes equal to the amount computed under subdivision (a) for an individual having the same amount of taxable income.

(f) The tax imposed by this part is not a surtax.

(g) (1) Section 1 (g) of the Internal Revenue Code, relating to certain unearned income of minor children taxed as if the parent's income, shall apply, except as otherwise provided.

(2) Section 1(g)(7)(B)(ii)(II) of the Internal Revenue Code, relating to income included on parent's return, is modified, for purposes of this part, by substituting "five dollars (\$5)" for "seventy-five dollars (\$75)" and "1 percent" for "15 percent."

(h) For each taxable year beginning on or after January 1, 1988, the Franchise Tax Board shall recompute the income tax brackets prescribed in subdivisions (a) and (c). That computation shall be made as follows:

(1) The California Department of Industrial Relations shall transmit annually to the Franchise Tax Board the percentage change in the California Consumer Price Index for all items from June of the prior calendar year to June of the current calendar year, no later than August 1 of the current calendar year.

(2) The Franchise Tax Board shall do both of the following:

(A) Compute an inflation adjustment factor by adding 100 percent to the percentage change figure that is furnished pursuant to paragraph (1) and dividing the result by 100.

(B) Multiply the preceding taxable year income tax brackets by the inflation adjustment factor determined in subparagraph (A) and round off the resulting products to the nearest one dollar (\$1).

(i) (1) For purposes of this section, the term "California adjusted gross income" includes each of the following:

(A) For any part of the taxable year during which the taxpayer was a resident of this state (as defined by Section 17014), all items of adjusted gross income, regardless of source.

(B) For any part of the taxable year during which the taxpayer was not a resident of this state, only those items of adjusted gross income which were derived from sources within this state, determined in accordance with Chapter 11 (commencing with Section 17951).

(2) For purposes of computing "California adjusted gross income" under paragraph (1), the amount of any net operating loss sustained in any taxable year during any part of which the taxpayer was not a resident of this state shall be limited to the sum of the following:

(A) The amount of the loss attributable to the part of the taxable year in which the taxpayer was a resident.

(B) The amount of the loss which, during the part of the taxable year the taxpayer is not a resident, is attributable to California source income and deductions allowable in arriving at adjusted gross income.

(j) *It is the intent of the people of the State of California in enacting the amendments to this section made by the statutory initiative adding this subdivision to continue those marginal income tax rates that affect only the very highest income taxpayers and would otherwise expire in 1996, in order to generate those revenues necessary to provide a basic level of local fiscal relief and maintain the state's ability to fulfill its other obligations. It is the intent of the people of the State of California that any future enactment that alters the rate, base, or burden of the state personal income tax at least maintain the level and proportionate share of revenues derived from the marginal income tax rates provided for by the statutory initiative adding this subdivision.*

Section 5. Allocation of revenues from state to local government.

Section 19603 of the Revenue and Taxation Code is amended to read:

19603. ~~The~~ (a) *Except as provided in subdivision (b), the balance of the moneys in the Personal Income Tax Fund shall, upon order of the Controller, be drawn therefrom for the purpose of making refunds under this part or be transferred to the General Fund undelivered refund warrants shall be redeposited in the Personal Income Tax Fund receipt by the Controller.*

(b) (1) (A) *Subject to any reduction required by subparagraph (B), on December 1 of each fiscal year, there is hereby deposited in the Local Agency Fiscal Restoration Account, which is hereby created in the General Fund, that additional amount of personal income tax revenue that is collected for the immediately preceding taxable year as a result of the amendments to Section 17041 made by the statutory initiative adding this subdivision, which continue in existence the two highest personal income tax rates.*

(B) *Notwithstanding any other provision of law, any increase resulting from the statutory initiative adding this subdivision in the amount of state educational funding required by Section 8 of Article XVI of the California Constitution and any implementing statute shall be funded from a reduction in the amount of the deposit otherwise required by subparagraph (A). In no event shall the statutory initiative adding this subdivision result in a level of state educational funding that is less than the level of state education funding that would occur in the absence of that measure.*

(2) *In each fiscal year, the full amount of revenues that is deposited in the Local Agency Fiscal Restoration Account pursuant to paragraph (1) is hereby appropriated to the Controller for apportionment among all counties in the state. Based upon information provided by the Department of Finance, the Controller shall make an apportionment to each county in accordance with the proportion that the total amount of revenue, required to be shifted for the prior fiscal year from all local agencies in the county as a result of Sections 97.2 and 97.3, bears to the total amount required to be shifted for the prior fiscal year as a result of those same sections for all local agencies in the state. For purposes of determining proportionate shares pursuant to the preceding sentence, the Controller shall reduce the total amount of shift revenue determined for all local agencies of a county by the total amount of revenue allocated in that county pursuant to Section 35 of Article XIII of the California Constitution, and shall also reduce the total amount of shift revenues determined for all local agencies in the state by the total amount of revenue allocated in the state pursuant to that same constitutional provision. Each apportionment received by a county pursuant to this section shall be deposited by the county treasurer as provided in Section 30061 of the Government Code. For purposes of this subdivision, "local agency" has the same meaning as that same term is used in Section 30061 of the Government Code.*

(c) *It is the intent of the people of the State of California in enacting subdivision (b) to make those personal income tax revenues, derived from the tax rates imposed upon only the very highest income taxpayers, available to relieve local agencies that have been required by state law to assume a portion of the state's funding burden, and thereby allow those agencies to better fund essential public services.*

Section 6. The Legislature may amend this measure only by a statute, passed in each house of the Legislature by a two-thirds vote, that is consistent with and furthers the purpose of this measure. However, the Legislature may enact a statute to implement subdivision (h) of Section 1 of this measure with the approval of only a majority of each house of the Legislature.

Proposition 218: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure expressly amends the Constitution by adding articles thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED ADDITION OF ARTICLE XIII C AND ARTICLE XIII D

RIGHT TO VOTE ON TAXES ACT

SECTION 1. TITLE. This act shall be known and may be cited as the "Right to Vote on Taxes Act."

SECTION 2. FINDINGS AND DECLARATIONS. The people of the State of California hereby find and declare that Proposition 13 was intended to provide effective tax relief and to require voter approval of tax increases. However, local governments have subjected taxpayers to excessive tax, assessment, fee and charge increases that not only frustrate the purposes of voter approval for tax increases, but also threaten the economic security of all Californians and the California economy itself. This measure protects taxpayers by limiting the methods by which local governments exact revenue from taxpayers without their consent.

SECTION 3. VOTER APPROVAL FOR LOCAL TAX LEVIES. Article XIII C is added to the California Constitution to read:

ARTICLE XIII C

SECTION 1. Definitions. As used in this article:

(a) "General tax" means any tax imposed for general governmental purposes.

(b) "Local government" means any county, city, city and county, including a charter city or county, any special district, or any other local or regional governmental entity.

(c) "Special district" means an agency of the state, formed pursuant to general law or a special act, for the local performance of governmental or proprietary functions with limited geographic boundaries including, but not limited to, school districts and redevelopment agencies.

(d) "Special tax" means any tax imposed for specific purposes, including a tax imposed for specific purposes, which is placed into a general fund.

SEC. 2. Local Government Tax Limitation. Notwithstanding any other provision of this Constitution:

(a) All taxes imposed by any local government shall be deemed to be either general taxes

or special taxes. Special purpose districts or agencies, including school districts, shall have no power to levy general taxes.

(b) No local government may impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote. A general tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved. The election required by this subdivision shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body.

(c) Any general tax imposed, extended, or increased, without voter approval, by any local government on or after January 1, 1995, and prior to the effective date of this article, shall continue to be imposed only if approved by a majority vote of the voters voting in an election on the issue of the imposition, which election shall be held within two years of the effective date of this article and in compliance with subdivision (b).

(d) No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. A special tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved.

SEC. 3. Initiative Power for Local Taxes, Assessments, Fees and Charges. Notwithstanding any other provision of this Constitution, including, but not limited to, Sections 8 and 9 of Article II, the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.

SECTION 4. ASSESSMENT AND PROPERTY RELATED FEE REFORM.

Article XIII D is added to the California Constitution to read:

ARTICLE XIII D

SECTION 1. Application. Notwithstanding any other provision of law, the provisions of this article shall apply to all assessments, fees and charges, whether imposed pursuant to state statute or local government charter authority. Nothing in this article or Article XI shall be construed to:

(a) Provide any new authority to any agency to impose a tax, assessment, fee, or charge.

(b) Affect existing laws relating to the imposition of fees or charges as a condition of property development.

(c) Affect existing laws relating to the imposition of timber yield taxes.

SEC. 2. Definitions. As used in this article:

(a) "Agency" means any local government as defined in subdivision (b) of Section 1 of Article XIII C.

(b) "Assessment" means any levy or charge upon real property by an agency for a special benefit conferred upon the real property. "Assessment" includes, but is not limited to, "special assessment," "benefit assessment," "maintenance assessment" and "special assessment tax."

(c) "Capital cost" means the cost of acquisition, installation, construction, reconstruction, or replacement of a permanent public improvement by an agency.

(d) "District" means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service.

(e) "Fee" or "charge" means any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.

(f) "Maintenance and operation expenses" means the cost of rent, repair, replacement, rehabilitation, fuel, power, electrical current, care, and supervision necessary to properly operate and maintain a permanent public improvement.

(g) "Property ownership" shall be deemed to include tenancies of real property where tenants are directly liable to pay the assessment, fee, or charge in question.

(h) "Property-related service" means a public service having a direct relationship to property ownership.

(i) "Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."

SEC. 3. Property Taxes, Assessments, Fees and Charges Limited. (a) No tax, assessment, fee, or charge shall be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except:

(1) The ad valorem property tax imposed pursuant to Article XIII and Article XIII A.

(2) Any special tax receiving a two-thirds vote pursuant to Section 4 of Article XIII A.

(3) Assessments as provided by this article.

(4) Fees or charges for property related services as provided by this article.

(b) For purposes of this article, fees for the provision of electrical or gas service shall not be deemed charges or fees imposed as an incident of property ownership.

SEC. 4. Procedures and Requirements for All Assessments. (a) An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel. Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.

(b) All assessments shall be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California.

(c) The amount of the proposed assessment for each identified parcel shall be calculated and the record owner of each parcel shall be given written notice by mail of the proposed assessment, the total amount thereof chargeable to the entire district, the amount chargeable to the owner's particular parcel, the duration of the payments, the reason for the assessment and the basis upon which the amount of the proposed assessment was calculated, together with the date, time, and location of a public hearing on the proposed assessment. Each notice shall also include, in a conspicuous place thereon, a summary of the procedures applicable to the completion, return, and tabulation of the ballots required pursuant to subdivision (d), including a disclosure statement that the existence of a majority protest, as defined in subdivision (e), will result in the assessment not being imposed.

(d) Each notice mailed to owners of identified parcels within the district pursuant to subdivision (c) shall contain a ballot which includes the agency's address for receipt of the ballot once completed by any owner receiving the notice whereby the owner may indicate his or her name, reasonable identification of the parcel, and his or her support or opposition to the proposed assessment.

(e) The agency shall conduct a public hearing upon the proposed assessment not less than 45 days after mailing the notice of the proposed assessment to record owners of each identified parcel. At the public hearing, the agency shall consider all protests against the proposed assessment and tabulate the ballots. The agency shall not impose an assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property.

(f) In any legal action contesting the validity of any assessment, the burden shall be on the agency to demonstrate that the property or properties in question receive a special benefit over and above the benefits conferred on the public at large and that the amount of any contested assessment is proportional to, and no greater than, the benefits conferred on the property or properties in question.

(g) Because only special benefits are assessable, electors residing within the district who do not own property within the district shall not be deemed under this Constitution to have been deprived of the right to vote for any assessment. If a court determines that the Constitution of the United States or other federal law requires otherwise, the assessment shall

not be imposed unless approved by a two-thirds vote of the electorate in the district in addition to being approved by the property owners as required by subdivision (e).

SEC. 5. Effective Date. Pursuant to subdivision (a) of Section 10 of Article II, the provisions of this article shall become effective the day after the election unless otherwise provided. Beginning July 1, 1997, all existing, new, or increased assessments shall comply with this article. Notwithstanding the foregoing, the following assessments existing on the effective date of this article shall be exempt from the procedures and approval process set forth in Section 4:

(a) Any assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems or vector control. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.

(b) Any assessment imposed pursuant to a petition signed by the persons owning all of the parcels subject to the assessment at the time the assessment is initially imposed. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.

(c) Any assessment the proceeds of which are exclusively used to repay bonded indebtedness of which the failure to pay would violate the Contract Impairment Clause of the Constitution of the United States.

(d) Any assessment which previously received majority voter approval from the voters voting in an election on the issue of the assessment. Subsequent increases in those assessments shall be subject to the procedures and approval process set forth in Section 4.

SEC. 6. Property Related Fees and Charges. (a) Procedures for New or Increased Fees and Charges. An agency shall follow the procedures pursuant to this section in imposing or increasing any fee or charge as defined pursuant to this article, including, but not limited to, the following:

(1) The parcels upon which a fee or charge is proposed for imposition shall be identified. The amount of the fee or charge proposed to be imposed upon each parcel shall be calculated. The agency shall provide written notice by mail of the proposed fee or charge to the record owner of each identified parcel upon which the fee or charge is proposed for imposition, the amount of the fee or charge proposed to be imposed upon each, the basis upon which the amount of the proposed fee or charge was calculated, the reason for the fee or charge, together with the date, time, and location of a public hearing on the proposed fee or charge.

(2) The agency shall conduct a public hearing upon the proposed fee or charge not less than 45 days after mailing the notice of the proposed fee or charge to the record owners of each identified parcel upon which the fee or charge is proposed for imposition. At the public hearing, the agency shall consider all protests against the proposed fee or charge. If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge.

(b) Requirements for Existing, New or Increased Fees and Charges. A fee or charge shall not be extended, imposed, or increased by any agency unless it meets all of the following requirements:

(1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.

(2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.

(3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.

(4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments and shall not be imposed without compliance with Section 4.

(5) No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Reliance by an agency on any parcel map, including, but not limited to, an assessor's parcel map, may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership for purposes of this article. In any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance with this article.

(c) Voter Approval for New or Increased Fees and Charges. Except for fees or charges for sewer, water, and refuse collection services, no property related fee or charge shall be imposed or increased unless and until that fee or charge is submitted and approved by a majority vote of the property owners of the property subject to the fee or charge or, at the option of the agency, by a two-thirds vote of the electorate residing in the affected area. The election shall be conducted not less than 45 days after the public hearing. An agency may adopt procedures similar to those for increases in assessments in the conduct of elections under this subdivision.

(d) Beginning July 1, 1997, all fees or charges shall comply with this section.

SECTION 5. LIBERAL CONSTRUCTION. The provisions of this act shall be liberally construed to effectuate its purposes of limiting local government revenue and enhancing taxpayer consent.

SECTION 6. SEVERABILITY. If any provision of this act, or part thereof, is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected, but shall remain in full force and effect, and to this end the provisions of this act are severable.

1979

Limitation of Government Appropriations

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Limitation of Government Appropriations — Initiative Constitutional Amendment

Official Title and Summary Prepared by the Attorney General

LIMITATION OF GOVERNMENT APPROPRIATIONS. INITIATIVE CONSTITUTIONAL AMENDMENT. Establishes and defines annual appropriation limits on state and local governmental entities based on annual appropriations for prior fiscal year. Requires adjustments for changes in cost of living, population and other specified factors. Appropriation limits may be established or temporarily changed by electorate. Requires revenues received in excess of appropriations permitted by this measure to be returned by revision of tax rates or fee schedules within two fiscal years next following year excess created. With exceptions, provides for reimbursement of local governments for new programs or higher level of services mandated by state. Financial impact: Indeterminable. Financial impact of this measure will depend upon future actions of state and local governments with regard to appropriations that are not subject to the limitations of this measure.

Analysis by Legislative Analyst

Background:

The Constitution places no limitation on the amount which may be appropriated for expenditure by the state or local governments (including school districts), provided sufficient revenues are available to finance these expenditures. Nor does the Constitution limit the amount by which appropriations in one year may exceed appropriations in the prior year.

Proposal:

This ballot measure would amend the Constitution to:

- Limit the growth in appropriations made by the state and individual local governments. Generally, the measure would limit the rate of growth in appropriations to the percentage increase in the cost of living and the percentage increase in the state or local government's population.
- Establish the general requirement that state and local governments return to the taxpayers moneys collected or on hand that exceed the amount appropriated for a given fiscal year.
- Require the state to reimburse local governments for the cost of complying with "state mandates." "State mandates" are requirements imposed on local governments by legislation or executive orders.

The appropriation limits would become effective in the 1980-81 fiscal year, which begins on July 1, 1980, and ends on June 30, 1981. These limits would only apply to appropriations financed from the "proceeds of taxes," which the initiative defines as:

- All tax revenues (we are advised by Legislative Counsel that this would include those tax revenues carried over from prior years);
- Any proceeds from the investment of tax revenues; and
- Any revenues from a regulatory license fee, user charge or user fee that *exceed* the amount needed to cover the reasonable cost of providing the regulation, product or service.

The initiative would not restrict the growth in appropriations financed from other sources of revenue, including federal funds, bond funds, traffic fines, user fees based on reasonable costs, and income from gifts.

The *appropriation limit for the state government* in fiscal year 1980-81 would be equal to the sum of all appropriations initially available for expenditure during the period July 1, 1978-June 30, 1979, that were financed from the "proceeds of taxes," less amounts specifically excluded by the measure (discussed below), with the remainder adjusted for changes in the cost of living and population. The appropriations limit for each succeeding year would be equal to the limit for the prior year, adjusted for changes in the cost of living and population. Thus, even if the state appropriations in a given year were held below the level permitted by this ballot measure, the appropriation limit for the following year would not be any lower as a result. The limit would still be based on the limit for the prior year, and not on the actual level of appropriations for that year.

The following types of appropriations would *not* be subject to the state limit:

- (1) State financial assistance to local governments—that is, any state funds which are distributed to local governments other than funds provided to reimburse these governments for state mandates;
- (2) Payments to beneficiaries from retirement, disability insurance and unemployment insurance funds;
- (3) Payments for interest and redemption charges on state debt existing on January 1, 1979, or payments on voter-approved *bonded* debt incurred after that date;
- (4) Appropriations needed to pay the state's cost of complying with mandates imposed by federal laws and regulations or court orders.

We estimate that the state appropriated approxi-

Continued on page 20

Text of Proposed Law

This initiative measure proposes to add a new Article XIII B to the Constitution; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED ADDITION OF ARTICLE XIII B

PROPOSED ARTICLE XIII B. CONSTITUTION GOVERNMENT SPENDING LIMITATION

SEC. 1. *The total annual appropriations subject to limitation of the state and of each local government shall not exceed the appropriations limit of such entity of government for the prior year adjusted for changes in the cost of living and population except as otherwise provided in this Article.*

SEC. 2. *Revenues received by any entity of government in excess of that amount which is appropriated by such entity in compliance with this Article during the fiscal year shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.*

SEC. 3. *The appropriations limit for any fiscal year pursuant to Sec. 1 shall be adjusted as follows:*

(a) *In the event that the financial responsibility of providing services is transferred, in whole or in part, whether by annexation, incorporation or otherwise, from one entity of government to another, then for the year in which such transfer becomes effective the appropriations limit of the transferee entity shall be increased by such reasonable amount as the said entities shall mutually agree and the appropriations limit of the transferor entity shall be decreased by the same amount.*

(b) *In the event that the financial responsibility of providing services is transferred, in whole or in part, from an entity of government to a private entity, or the financial source for the provision of services is transferred, in whole or in part, from other revenues of an entity of government, to regulatory licenses, user charges or user fees, then for the year of such transfer the appropriations limit of such entity of government shall be decreased accordingly.*

(c) *In the event of an emergency, the appropriation limit may be exceeded provided that the appropriation limits in the following three years are reduced accordingly to prevent an aggregate increase in appropriations resulting from the emergency.*

SEC. 4. *The appropriations limit imposed on any new or existing entity of government by this Article may be established or changed by the electors of such entity, subject to and in conformity with constitutional and statutory voting requirements. The duration of any such change shall be as determined by said electors, but shall in no event exceed four years from the most recent vote of said electors creating or continuing such change.*

SEC. 5. *Each entity of government may establish such contingency, emergency, unemployment, reserve, retirement, sinking fund, trust, or similar funds as it shall deem reasonable and proper. Contributions to any such fund, to the extent that such contributions are derived from the proceeds of taxes, shall for purposes of this Article constitute appropriations subject to limitation in the year of contribution. Neither withdrawals from any such fund, nor expenditures of (or authorizations to expend) such withdrawals, nor transfers between or among such funds, shall for purposes of this Article constitute appropriations subject to limitation.*

SEC. 6. *Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:*

(a) *Legislative mandates requested by the local agency affected;*

(b) *Legislation defining a new crime or changing an existing definition of a crime; or*

(c) *Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.*

SEC. 7. *Nothing in this Article shall be construed to impair the ability of the state or of any local government to meet its obligations with respect to existing or future bonded indebtedness.*

SEC. 8. *As used in this Article and except as otherwise expressly provided herein:*

(a) *"Appropriations subject to limitation" of the state shall mean any authorization to expend during a fiscal year the proceeds of taxes levied by or for the state, exclusive of state subventions for the use and operation of local government (other than subventions made pursuant to Section 6 of this Article) and further exclusive of refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds;*

(b) *"Appropriations subject to limitation" of an entity of local government shall mean any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of state subventions to that entity (other than subventions made pursuant to Section 6 of this Article) exclusive of refunds of taxes;*

(c) *"Proceeds of taxes" shall include, but not be restricted to, all tax revenues and the proceeds to an entity of government, from (i) regulatory licenses, user charges, and user fees to the extent that such proceeds exceed the costs reasonably borne by such entity in providing the regulation, product, or service, and (ii) the investment of tax revenues. With respect to any local government, "proceeds of taxes" shall include subventions received from the state, other than pursuant to Section 6 of this Article, and, with respect to the state, proceeds of taxes shall exclude such subventions;*

(d) *"Local government" shall mean any city, county, city and county, school district, special district, authority, or other political subdivision of or within the state;*

(e) *"Cost of living" shall mean the Consumer Price Index for the United States as reported by the United States Department of Labor, or successor agency of the United States Government; provided, however, that for purposes of Section 1, the change in cost of living from the preceding year shall in no event exceed the change in California per capita personal income from said preceding year;*

(f) *"Population" of any entity of government, other than a school district, shall be determined by a method prescribed by the Legislature, provided that such determination shall be revised, as necessary, to reflect the periodic census conducted by the United States Department of Commerce, or successor agency of the United States Government. The population of any school district shall be such school district's average daily*

Continued on page 22

Limitation of Government Appropriations — Initiative Constitutional Amendment

Arguments in Favor of Proposition 4

The 'Spirit of 13' citizen-sponsored initiative provides permanent constitutional protection for taxpayers from excessive taxation. A 'yes' vote for Proposition 4 will *preserve* the gains made by Proposition 13.

VERY SIMPLY, this measure:

- 1) WILL limit state and local government spending.
- 2) WILL refund or credit excess taxes received by the state to the taxpayer.
- 3) WILL curb excessive user fees imposed by local government.
- 4) WILL eliminate government waste by forcing politicians to re-think priorities while spending our tax money.
- 5) WILL close loopholes government bureaucrats have devised to evade the intent of Proposition 13.

ADDITIONALLY, this measure:

- 1) WILL NOT allow the state government to force programs on local governments without the state paying for them.
- 2) WILL NOT prevent the state and local governments from responding to emergencies whether natural or economic.
- 3) WILL NOT prevent state and local governments from providing essential services.
- 4) WILL NOT allow politicians to make changes (in this law) without voter approval.
- 5) WILL NOT favor one group of taxpayers over another.

Proposition 4 is a well researched, carefully written citizen-sponsored initiative that is sponsored by the signatures of nearly one million Californians who know that the 'Spirit of 13' is the next logical step to Proposition 13.

Your 'yes' vote will guarantee that excessive state tax surpluses will be returned to the taxpayer, not left in the State Treasury to fund useless and wasteful programs.

This amendment is a reasonable and flexible way to provide discipline in tax spending at the state and local levels and will not override the desires of individual communities—a majority of voters may adjust the spending limits for local entities such as cities, counties, etc.—

it will force return of any additional taxation to voter control! To protect our government's credit rating on behalf of the taxpayers, the limit does not apply to user charges required to meet obligations to the holders of existing or future bonds regardless of voter approval.

For California's sake, we sincerely urge a Yes vote on Proposition 4 to continue the Spirit of Proposition 13.

PAUL GANN

Coauthor, Proposition 13

CAROL HALLETT

*Member of the Assembly, 29th District
Assembly Minority Leader*

No government should have an unrestricted right to spend the taxpayer's money. Government should be subject to fiscal discipline no less than the citizens it represents.

Proposition 4 is a thoughtfully drafted spending limit. It will require state and local governments to limit their budgets yet provide for reasonable growth and meet emergencies.

It will not require wholesale cuts in necessary services. Californians want quality education, health services, police and fire protection.

Our citizens want to provide adequately for the elderly, the disabled, the abandoned children. Such programs will not be impaired.

Government must continue to be sensitive to human needs. A rational spending limit is not only consistent with that view, it is essential if government services are to be rendered effectively.

Nothing hinders the prompt attention to real needs as surely as an inefficient bureaucracy.

We need lean, flexible, responsive government. We need sensible spending controls that will help eliminate waste without sacrificing truly useful programs.

Proposition 4 offers that possibility.

LEO T. MCCARTHY

*Member of the Assembly, 18th District
Speaker of the Assembly*

Rebuttal to Arguments in Favor of Proposition 4

Don't be misled by promises!

The proponents make Proposition 4 sound like a cure-all for every government ill. They make Proposition 4 seem like a magic wand that will transform government into an efficient machine perfectly responsive to the public will. What nonsense!

Proposition 4

- will NOT eliminate government waste;
- will NOT eliminate user fees;
- will NOT allow governments to respond to emergencies without severe penalty.

What about waste? Proposition 4 puts the power to decide how spending limits will be met right back into the hands of the very same officials who have yet to prove they know how to cut waste. They find it much easier to cut services than to cut fat!

What about fees? The measure itself states that user fees, service charges and admission taxes can still be levied. (Check Sections 3(b) and 8(c)).

What about emergencies? Every time an emergency occurs, future expenditures in other important areas will have to be cut back. It is irresponsible to pit everyday services (like police and fire protection)

against the extraordinary needs of an emergency.

Proposition 4

- will NOT guarantee YOU a tax refund;
- will NOT preserve needed services;
- will NOT allow California to cope with the ravages of inflation and unemployment.

Recession and inflation are ganging up on government and on taxpayers. Proposition 4 is too inflexible to assure adequate government services for an uncertain future.

VOTE NO ON PROPOSITION 4!

JONATHAN C. LEWIS

*Executive Director
California Tax Reform Association*

SUSAN F. RICE

*President
League of Women Voters of California*

JOHN F. HENNING

*Executive Secretary-Treasurer
California Labor Federation AFL-CIO*

Limitation of Government Appropriations — Initiative Constitutional Amendment

4

Argument Against Proposition 4

Proposition 4 DOES NOT guarantee that the “fat” will be cut from government. Proposition 4 IS NOT tax reform. Proposition 4 is, instead, a rash measure that places a straitjacket on government at the very moment when Californians are faced with an uncertain economic future.

Some of the state’s largest businesses, financial institutions, utilities, agribusiness and real estate interests spent \$537,000 putting Proposition 4 on the ballot. Doesn’t it strike you as strange that these interests are backing a so-called “grassroots” initiative?

All Californians are understandably concerned about rising taxes. We all want efficient government *and* a fair tax system. But who will really benefit from Proposition 4? Will it be *you* or the special interests backing this measure?

Proposition 4 does not guarantee tax relief for the individual. There is no guarantee that any excess government revenues will necessarily be used to lower *your* taxes. Genuine tax reform means changing the tax system so everyone pays his or her fair share.

During the past 20 years the burden of taxation has shifted from business and commercial interests to the individual taxpayer. The percentage of state and local taxes paid by business has dropped from 57% to only 37%. This partially accounts for the increase in your tax bills.

It is a myth to believe that Proposition 4 will streamline government. Nowhere in the proposal is there a requirement to cut

unnecessary or wasteful government spending. The “fat” in government could go untouched while cuts are made in vital and important services.

Passage of this measure could cripple economic growth in California. There will be no advantage for cities and counties to approve new commercial developments. Because of the spending limitation, revenues generated by new commercial development cannot be spent by local entities already at their spending limit. However, services must still be provided to new commercial and housing developments, which will result in a reduction in the level of services already provided to existing residents and businesses. Communities will be forced to choose between creating new jobs and cutting services.

Proposition 4 is smokescreen politics. That is why we ask you to join us in voting NO.

JONATHAN C. LEWIS

*Executive Director
California Tax Reform Association*

SUSAN F. RICE

*President
League of Women Voters of California*

JOHN F. HENNING

*Executive Secretary-Treasurer
California Labor Federation, AFL-CIO*

Rebuttal to Argument Against Proposition 4

The arguments submitted by the groups opposing Proposition 4 should come as no surprise—particularly to those of us who supported Proposition 13 last year. Scare tactics, distortion and a healthy smattering of “buzzwords” are the same devices used time and again against the people whenever they decide it’s time to offer a logical and reasonable solution. In this case, the people simply want to place *a limit on government spending*.

If you are among the people who think government should *not* have the unrestricted right to spend taxpayers’ money, you can recite these facts to your friends and neighbors.

FACT: In the past 20 years, government spending increased 5 times beyond the allowable limits of Proposition 4.

FACT: Proposition 4 *requires* that surplus funds be returned to the taxpayers.

FACT: Proposition 4 will force politicians to prioritize and

economize just as households and small businesses do to make ends meet.

FACT: Proposition 4 is supported by nearly one million voter signatures, the Democratic and Republican leaders of the State Assembly, state cochairperson Secretary of State March Fong Eu, the California Taxpayers’ Association, the California Chamber of Commerce, the 83,000 family-farm member California Farm Bureau, the 55,000 small business member Federation of Independent Business, local taxpayer associations, and scores of civic and community leaders concerned about the ever-increasing growth of government spending.

Please join us in voting “Yes” on Proposition 4 to maintain the Spirit of 13.

PAUL GANN

Coauthor, Proposition 13

mately \$7.9 billion from the "proceeds of taxes" in fiscal year 1978-79, after taking into account the exclusions listed above. This amount, referred to as "appropriations subject to limitation," represents approximately 40 percent of *total* General Fund and special fund appropriations made for that fiscal year. The main reason why the state's appropriation limit covers less than half of the state's total expenditures is that a large proportion of total state expenditures represents funds passed on to local governments for a variety of public purposes. Under this ballot measure, these funds would be subject to the limits on local, rather than state, appropriations.

The *appropriation limit for a local government* in fiscal year 1980-81 would be equal to the sum of all appropriations initially available for expenditure during the period of July 1, 1978-June 30, 1979, that were financed from the "proceeds of taxes," *plus* state financial assistance received in that year, *less* amounts specifically excluded by the measure (discussed below), with the remainder adjusted for changes in the cost of living and population. The appropriations limit in each subsequent year would be equal to the limit for the prior year, adjusted for changes in the cost of living and population. For each school district, "population" is defined in this measure as the district's average daily attendance.

The following types of appropriations would not be subject to the local limit:

- (1) Refunds of taxes;
- (2) Appropriations required for payment of local costs incurred as a result of state mandates. (The initiative requires the state to reimburse local governments for such costs, and the appropriation of such funds would be subject to limitation at the state level.);
- (3) Payments for interest and redemption charges on debt existing on or before January 1, 1979, or payments on voter-approved *bonded* debt incurred after that date;
- (4) Appropriations required to pay the local government's cost of complying with mandates imposed by federal laws and regulations or court orders.

Furthermore, any special district which was in existence on July 1, 1978, and which had a 1977-78 fiscal year property tax rate of 12½ cents per \$100 of assessed value or less, would never be subject to a limit on appropriations. Special districts which do not receive any funding from the "proceeds of taxes" would also be exempt from the limits.

Under the initiative, the limit on state or local government appropriations could be changed in one of four ways:

- (1) An appropriation limit *may* be changed temporarily if a majority of voters in the jurisdiction approve the change. Such a change could be made for one, two, three, or four years, but it could *not* be effective for more than four years

unless a majority of the voters again voted to change the limit.

- (2) In the event of an emergency, an appropriation limit *may* be exceeded for a single year by the governing body of a local government without voter approval. However, if the governing body provides for an emergency increase, the appropriation limits in the following three years would have to be reduced by an amount sufficient to recoup the excess appropriations. The initiative does not place any restrictions upon the types of circumstances which may be declared to constitute an emergency.
- (3) If the financial responsibility for providing a program or service is transferred from one entity of government to another *government* entity, the appropriation limits of both entities *must* be adjusted by a reasonable amount that is mutually agreed upon. Any increase in one entity's limit would have to be offset by an equal decrease in the other entity's limit.
- (4) If an entity of government transfers the financial responsibility for providing a program or service from itself to a *private* entity, or the source of funds used to support an existing program or service is shifted from the "proceeds of taxes" to regulatory license fees, user charges or use fees, the entity's appropriation limit *must* be decreased accordingly.

If, in any fiscal year, an entity of government were to receive or have on hand revenues in excess of the amount that it appropriates for that year, it would be required to return the excess to taxpayers within the next two fiscal years. The initiative specifies that these funds are to be returned by lowering tax rates or fee schedules. In addition, Legislative Counsel has advised us that direct refunds of taxes paid would also be permitted under the measure.

Because certain types of appropriations would not be directly subject to the limitations established by this ballot measure, it would be possible for the state or a local government with excess funds to spend these funds in the exempt categories rather than return the funds to the taxpayers. For example, the state could appropriate any excess revenues for additional financial assistance to local governments, because such assistance is excluded from the limit on state appropriations. (This, in turn, might result in the return of excess revenues to local taxpayers if a local government were unable to spend these funds within its limit.) Similarly, a local government with an unfunded liability in its retirement system could appropriate its excess revenues to reduce the liability, as such an appropriation would be considered a payment toward a legal "indebtedness" under this ballot measure.

Finally, the initiative would establish a requirement that the state provide funds to reimburse local agencies

r the cost of complying with state mandates. The initiative specifies that the Legislature need not provide such reimbursements for mandates enacted or adopted prior to January 1, 1975, but does not require explicitly that reimbursement be provided for mandates enacted or adopted after that date. Legislative Counsel advises us that under this measure the state would only be *required* to provide reimbursements for costs incurred as a result of mandates enacted or adopted after July 1, 1980.

Fiscal Impact:

This proposition is primarily intended to limit the rate of growth in state and local spending by imposing a limit on certain categories of state and local appropriations. As noted above, approximately 60 percent of current state expenditures would be excluded from the limit on state appropriations, although nearly all of these expenditures would be subject to limitation at the local level. Also, some unknown percentage of local government expenditures would not be subject to the limits on either state or local appropriations. Thus, the fiscal impact of this ballot measure would depend on two factors:

- (1) What the rate of growth in state and local "appropriations subject to limitation" would be, in the absence of this limitation; and
- (2) The extent to which any reductions in "appropriations subject to limitation" required by the measure are offset by increases in those appropriations *not* subject to limitation.

Impact on State Government. During six of the past ten years, total state spending has increased more rapidly than the cost of living and population. Thus, it is likely that, had this measure been in effect during those years, it would have caused "appropriations subject to limitation" to be less than they actually were.

It is *not* possible to predict with any accuracy the future rate of growth in state "appropriations subject to limitation." Thus it is not possible to estimate with any reliability what effect the measure, if approved, would have on such appropriations in the future. However, based on the best information now available (July 1979), we estimate that passage of the initiative would cause state "appropriations subject to limitation" in fiscal year 1980-81 to be modestly lower than they probably would be if the initiative were not approved. This assumes that state reimbursement would only be required for state mandates enacted or adopted after July 1, 1980. If the courts ruled that reimbursement was re-

quired for mandates enacted or adopted after January 1, 1975, the impact of the measure on "appropriations subject to limitation" would be substantial. This is because the state would be required to provide significant reimbursements to local governments within this limitation. We have no basis for predicting the impact in subsequent years.

Whether this would result in a reduction in *total* state spending would depend on whether the state decided to use the funds that could not be spent under the limitation for (1) additional financial assistance to local governments (or for some other category of appropriations excluded from the limit), or (2) state tax relief. Thus, the effect of this ballot measure on state spending in 1980-81 could range from no change to a modest reduction.

Impact on Local Governments. Existing data do not permit us to make reliable estimates of either the appropriation limits that local governments would face in fiscal year 1980-81 if this ballot measure were approved, or what these governments would spend in that fiscal year if the initiative were not approved. Nonetheless, we estimate that those school districts experiencing significant declines in enrollment would have to reduce "appropriations subject to limitation" significantly below what these appropriations would be otherwise. We also estimate that most cities and counties, at least initially, would not be required to reduce the growth in these categories of appropriations by any significant amounts. However, some local governments, especially those with stable or declining populations, could be subject to more significant restrictions on their "appropriations subject to limitation."

Whether any reductions in "appropriations subject to limitation" caused by this measure would result in corresponding reductions in *total* local government expenditures and a return of excess revenues to the taxpayers would depend on whether increased spending resulted in those categories *not* subject to limitation. We have no basis for estimating the actions of local governments in this regard.

Conclusion. Thus, while a reduction in the rate of growth in state or local government expenditures may result from this ballot measure in fiscal year 1980-81, there may be instances in which no reduction in the rate of growth in an individual government's spending occurs. The impact of this measure in subsequent years cannot be estimated, although the measure could cause government spending to be significantly lower than it would be otherwise.

TEXT OF PROPOSITION 3

This amendment proposed by Senate Constitutional Amendment No. 60 (Statutes of 1978, Resolution Chapter 85) expressly adds a section to the Constitution; therefore, provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII

SEC. 3.5. In any year in which the assessment ratio is changed, the Legislature shall adjust the valuation of assessable property described in subdivisions (o), (p) and (q) of Section 3 of this article to maintain the same proportionate values of such property.

TEXT OF PROPOSITION 4—Continued from page 17

attendance as determined by a method prescribed by the Legislature;

(g) "Debt service" shall mean appropriations required to pay the cost of interest and redemption charges, including the funding of any reserve or sinking fund required in connection therewith, on indebtedness existing or legally authorized as of January 1, 1979 or on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose.

(h) The "appropriations limit" of each entity of government for each fiscal year shall be that amount which total annual appropriations subject to limitation may not exceed under Section 1 and Section 3; provided, however, that the "appropriations limit" of each entity of government for fiscal year 1978-79 shall be the total of the appropriations subject to limitation of such entity for that fiscal year. For fiscal year 1978-79, state subventions to local governments, exclusive of federal grants, shall be deemed to have been derived from the proceeds of state taxes.

(i) Except as otherwise provided in Section 5, "appropriations subject to limitation" shall not include local agency loan funds or indebtedness funds, investment (or authorizations to invest) funds of the state, or of an entity of local government in accounts at banks or savings and loan associations or in liquid securities.

SEC. 9. "Appropriations subject to limitation" for each entity of government shall not include:

(a) Debt service.

(b) Appropriations required for purposes of complying with mandates of the courts or the federal government which, without discretion, require an expenditure for additional services or which unavoidably make the providing of existing services more costly.

(c) Appropriations of any special district which existed on January 1, 1978, and which did not as of the 1977-78 fiscal year levy an ad valorem tax on property in excess of 12½ cents per \$100 of assessed value; or the appropriations of any special district then existing or thereafter created by a vote of the people, which is totally funded by other than the proceeds of taxes.

SEC. 10. This Article shall be effective commencing with the first day of the fiscal year following its adoption.

SEC. 11. If any appropriation category shall be added to or removed from appropriations subject to limitation, pursuant to final judgment of any court of competent jurisdiction and any appeal therefrom, the appropriations limit shall be adjusted accordingly. If any section, part, clause or phrase in this Article is for any reason held invalid or unconstitutional, the remaining portions of this Article shall not be affected but shall remain in full force and effect.
